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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

October 1980

SEPTEMBER BOX SCORE

Wage & Salary Index.....131.1 up from 130.8 in Aug.
Unemployment Rate.......8.0% down from 8.5% in Aug.
Seasonally Adjusted Rate........................9.0%
U.S. Seasonally Adjusted Rate...................7.5%

WHICH WAY IS UP

Much like the month's "Indian summer" weather, the employment outlook in September was sunnier than expected. The jobless rate fell half a percentage point, from 8.5% to 8.0%. When adjusted for seasonal variations, the percent unemployed declined by 0.3 to 9.0%, the second consecutive monthly drop in this closely watched indicator. Nationally, the rate edged down 0.1 to 7.5%. The state's wage and salary employment index registered its first increase in 7 months, moving from 130.8 in August to 131.1.

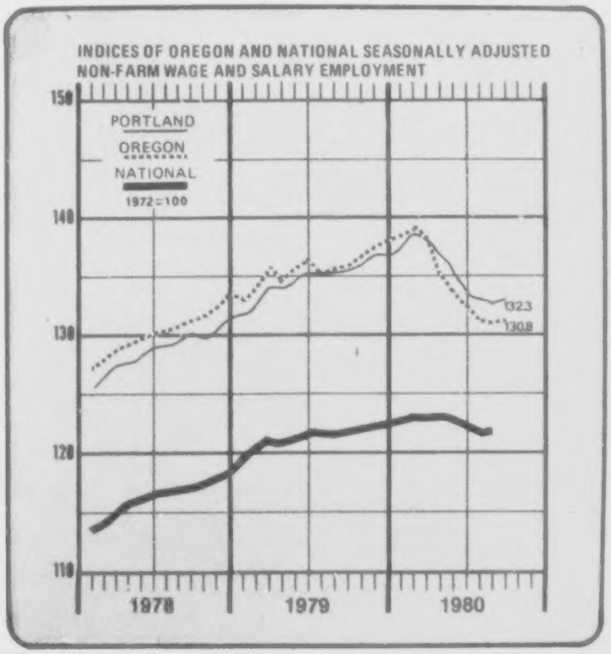
A sharp downturn in labor dispute activity played a major role in the positive signals sent out by the September statistics. Still, some real growth was apparent in the economy, particularly in the durable goods manufacturing sector. Against a background of threats of rising interest rates and "w" shaped recessions, however, these figures were met with guarded optimism.

Manufacturing

The lumber and wood products industry posted another robust seasonally adjusted increase (+1,000) as it continued to regain some of the ground lost earlier this year. The Western Wood Products Association reported that output at western mills was 84% of normal for the week ending September 27, not a bad showing in comparison to previous months. Notably, the veneer/plywood sector displayed a healthy rise (+600), reflecting a sizeable number of recalls since August. The good news mingled with bad, though. With mortgage interest rates approaching 15% again, timber prices are creeping downward. Employment at logging establishments dropped 400 over the month to register the first annual loss in 2 years. Log exports dropped sharply in the third quarter, largely due to excessive inventories of both logs and lumber in Japan.

The other durable goods industries made a similar rebound, rising 1,100 on a seasonally adjusted basis. The return to work of more than 500 striking workers in the machinery industry accounted for almost half the gain. Some recovery was apparent in the transporation equipment sector, which has been grappling with heavy recessionary blows. Sparking the rise were new orders in the truck manufacturing (+300) and shipbuilding/repair (+200) components. On the other side of the coin, those industries that appeared to weather the worst of the economic slump are now showing signs of wear and tear. The decreases reported in the high technology sectors reflect the hiring freezes set in place several months ago at these plants.

Less promising was activity in the nondurable goods industries. Food and kindred products employment registered a sizeable loss (-500 seasonally adjusted), chiefly due to declines in the canning/preserving sector. While September typically signals the start of the seasonal downturn at canneries, the work force at these establishments fell considerably below year-ago levels. In eastern Oregon, last year's bumper potato crop and the subsequent deflated prices are responsible for reduced acreage and a contracted



work force in 1980. With the Willamette Valley bean season largely over by the end of summer this year, September's processing activity was limited to the corn harvest. Moreover, several large processors reportedly have more automated operations, thereby reducing the need for as many workers this year.

Nonmanufacturing

In the nonmanufacturing group, the construction industry has yet to give a hint of recovery. Oregon's seasonally adjusted construction employment has remained constant for three months, with activity dramatically below the year-ago level in every sector. Given that interest rates are again on the upswing, few economists would venture a guess as to which direction the industry's work force will totter next.

Transportation, communication, and utility employment appears to be gradually working its way out of the slump, posting its second monthly rise (+300) in the seasonally adjusted work force. While the communication and utility firms have held their own, the transportation sector has borne the brunt of recessionary setbacks. Although reduced levels of activity still plague the railroad, air and motor freight components, maritime and local/suburban transit are beginning to emerge from the doldrums.

Activity in the trade industry followed normal seasonal patterns for September. The settlement of a labor dispute involving 184 workers at scrap processing firms bolstered employment in the wholesale durable goods sector. A drop off in the number of persons engaged in the real estate industry continues to deflate the finance, insurance, and real estate employment totals.

The services group was dealt a double blow in September. A lull in the tourist season led to a downturn in the number of employees at hotels and lodging places. More significantly, 500 nurses in Lane County have been on strike since mid-August.

The public sector laid claim to the most volatile labor market in September. At the federal level, Oregon's national forests lost 700 workers hired for the summer. The decennial census bureau reported only 155 temporary workers still on the payroll, a drop of 600+ since August. In state and local government, the start of a new school year prompted substantial gains at educational institutions. However, while most public agencies registered declines as summer positions were terminated, Multnomah County welcomed back 1,625 workers from a month long strike.

Just as no two economists could seem to agree upon when the recession began, opinions about its end differ at least as widely. Those who have declared the downturn officially over lock horns with seers waiting for the "double dip". Few dispute, however, that the period of recovery that lies ahead will be long and slow.

NONRESIDENT TOURIST AND BUSINESS RELATED IMPACT

The tourism segment of Oregon's economy faced hardship in 1978-1979 with the gasoline crisis and again in 1980 with the eruption of Mt. St. Helens. The following analysis attempts to use one analytical technique to quantify these effects on tourism-related employment in Oregon.

Tourism! What is it and how does it affect the state's economy? There is much confusion as to whether this term is an industry or an economic activity affecting several industries. This article will use the latter concept because the resident population and the normal in-state business travel activities also have significant effects on specific tourist related industries in this state. Some of the more obvious industries where these activities are felt directly are:

1. Gasoline service stations
2. Food and beverage establishments
3. Hotels and motels
4. Truck and automotive repair shops

Other industries could be listed but these four represent the larger segments of Oregon's economy directly related to tourist and business travel.

There are several ways to approach analyzing the economic and employment consequences of tourism. Each method has its assumptions and limitations. The one used here is a fairly straightforward method called the "excess employment" technique. This method involves estimating what local employment in an industry would be if it followed the national trend in the same industry. The estimated level of employment is then compared to the actual local level of employment in that specific industry. If the difference is positive, it indicates that more workers are employed locally than can be accounted for by the local consumption activity, then the local industry has an export orientation. This means in the case of tourist and business related activities that if the "excess employment" is positive that people or activities from outside the state or local area are responsible for these extra jobs. For example, the results of applying this technique to the four major industries previously discussed are captured in the following statements.

1. 1979 Oregon statewide annual average wage and salary employment in the four industry sectors was 94,700.
2. Oregon resident in-state economic activities using this technique would have generated approximately 76,900 of these jobs in 1979.
3. The "excess employment" produced by nonresident tourist and business related activities would be the difference between 94,700 and 76,900 or 17,800 jobs in these four industry sectors.

The example used above points out an important factor in explaining the extent to which the level of employment in a specific industry or group of industries is geared toward local consumption or toward outside economic influences. An export-oriented economy is considered potentially stronger since it is not only reliant on local consumption but also brings monies and jobs into the area and state. A good example where this kind of activity has a tremendous influence on a state's economy would be Florida. However, it does increase the dependence of the area on the external economy and may mean that the area is easily affected by national or state developments.

These examples of export orientation analysis share common problems with some of the other approaches which could have been used for this commentary. There are basic assumptions which underlie these techniques and to the extent that a state or local area may not satisfy these conditions, the usefulness of these approaches is reduced accordingly. At best, the "excess employment" approach is a rough descriptive indicator. Interregional differences in tastes, income levels, family size, etc. require that their analytical results receive cautious interpretation. On a more positve note, this method can identify industries and give some preliminary indications of the export implications of tourist related activities on these specific industries. Please do not assume that the absolute levels of "excess employment" for these four industries represent the total employment impact of nonresident tourist and business related activities in Oregon. The intent here is to establish a trend on the direction that employment in these industries would have moved between 1978 and the first few months of 1980 because of some economic and natural events being felt in the state and nation.

The current issues in Oregon are concerned with the economic repercussions of the slowdown in nonresident tourist traffic between 1978 and the spring and summer of 1980. Reasons cited for this reduction in tourist activity have been the price of gasoline and the continuing eruptions of Mt. St. Helens. The national news reports have painted a picture of total disaster in the tourist related activities in the Northwest states because of these recent events. To these kinds of national news reports, the conclusion would probably be that they have caused more potential economic fallout damage in Oregon's tourist related sectors than either of the two events. This statement is backed up by surveys conducted of Oregon's recreational areas, hotels and motels, etc. which showed the actual decline in tourism to be closer to 10% during the late spring and early summer months of 1980 rather than the 30% reported by the national news media. Such a reduction is also indicated by using the "excess employment" approach. In the four major industries mentioned, the amount of employment related to nonresident consumption actually expanded 25% between May-July 1979 and the same time period of 1980. However, this same employment declined about 3% between 1978 and 1979 for the May-July period when the last "gas crisis" was being experienced within the United States. This trend would support a moderate reduction in tourist and business related activities between 1978 and 1979 but would suggest that between 1979 and 1980 that tourist activity rebounded from the 1978-1979 slowdown in Oregon. The most recent information collected from the tourist related industries which was collected during August and September 1980 shows the same kind of pattern. The indications are that tourist activities have approached 1978 levels during these two months in those affected industries. However, it is quite possible that even higher "excess employment" would have resulted had there been no concern over Mt. St. Helens and/or gasoline prices.

To study the situation in greater detail, the following table compares the results of the tourist slowdown on a specific industry at the state and local level. The industry chosen for this comparison is eating and drinking establishments and the time periods of May-July for 1975 and 1980. As the table displays, there was a severe deceleration in the growth of "excess employment" in this industry during 1978-79, which accounted for the modest 6.2% growth overall in the industry. Unfortunately, most of this growth was not accounted for by nonresident consumption activities because the "excess jobs" related to these activities only grew by 1.4% over the same period. This is quite a reduction in the growth rate of these specific jobs when compared with the tremendous yearly increases of other years of the mid and late 1970's.

MAY-JULY AVERAGE EMPLOYMENT IN THE
EATING AND DRINKING INDUSTRY

Year	Total	Pct. Change	State Sup-ported	Pct. Change	Excess	Pct. Change
1975	47,031		37,836		9,195	
1976	51,673	9.9	41,505	9.7	10,168	10.6
1977	56,582	9.5	45,931	10.7	10,651	4.8
1978	64,490	14.0	51,127	11.3	13,364	25.5
1979	68,518	6.2	54,973	7.5	13,545	1.4
1980	72,929	6.4	56,268	2.4	16,661	23.0

Using the "excess employment" technique described, this article has attempted to discuss the effects of the gas crisis in 1978-79 and Mt. St. Helens in 1980 upon tourism and travel. Clearly, the gas price increase of 1978-79 had a retarding effect on the overall state "excess employment" growth in the eating and drinking industry, especially in Eastern Oregon and a few western counties. Equally obvious is the minimal deleterious effects of Mt. St. Helens upon the food and drinking industry in 1980. "Excess employment" reached new highs for many tourist industries in the summer of 1980.

Therefore, it is clear from an employment standpoint that 1980 will not be remembered as the year Mt. St. Helens crippled Oregon's tourist travel related industry. As further data becomes available (especially that pertaining to income), it will be possible to gain a clearer picture of the health of the industry, but this data indicates a stable year for Oregon in these four industry sectors.

It should be remembered that this analysis did not attempt to assess the total economic impact of the tourist slowdown in Oregon between 1978 and the summer of 1980. Rather it is an attempt to see with one analytical technique and a few major tourist related industry examples whether the severity of the slowdown was as bad as originally reported by some national news media.

RESIDENT OREGON LABOR FORCE

	1/ Sept. 1980	2/ Aug. 1980	Change	% Change	5/ Sept. 1979
Civilian Labor Force 3/	1,264,200	1,259,500	4,700	+0.4	1,229,200
Unemployment	101,100	106,600	-5,500	-5.2	71,000
Percent of Labor Force	8.0	8.5	xxx	xxx	5.8
Seasonally Adjusted Pct.	9.0	9.3	xxx	xxx	6.8
Total Employment 4/	1,163,100	1,152,900	+10,200	+0.9	1,158,200

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Sept. 1980	Aug. 1980	Sept. 1979	Aug. 1980	Sept. 1979
TOTAL 1/	1,035,000 *	1,022,100 *	1,073,000 *	+12,900	-38,000
Wage & Salary Employment Index (Seasonally Adjusted)	131.1	130.8	135.7	xxx	xxx
Total Manufacturing	216,700	215,700 *	240,200	1,000	-23,500
Durable Goods	156,400	154,700 *	175,900	1,700	-19,500
Lumber & Wood Products	67,500	66,900	83,100	600	-15,600
Logging & Sawmills	36,000	36,400	43,900	- 400	- 7,900
Veneer & Plywood	19,800	19,200	24,300	600	- 4,500
Millwork & Structural Wood	6,000	5,700	7,600	300	- 1,600
Mobile Homes	2,100	2,000	3,100	100	- 1,000
Other Wood Products	3,600	3,600	4,200	0	- 600
Furniture & Fixtures	2,800	2,700	3,000	100	- 200
Stone, Clay, Glass, & Concrete	4,200	4,200	4,500	0	- 300
Primary Metals	10,400	10,500	11,200	- 100	- 800
Blast Furnaces, Iron & Steel	6,000	6,100	6,500	- 100	- 500
Nonferrous Metals	4,400	4,400	4,700	0	- 300
Fabricated Metals	13,000	12,800	13,700	200	- 700
Fabricated Structural Metals	5,400	5,400	5,800	0	- 400
Other Fabricated Metals	7,600	7,400	7,900	200	- 300
Machinery	17,400	16,900 *	17,800	500	- 400
Electrical Equipment & Supplies	9,500	9,600	9,000	- 100	500
Transportation Equipment	10,300	9,600	12,900	700	- 2,600
Instruments & Related Products	19,300	19,500	18,500	- 200	800
Miscellaneous Manufacturing	2,000	2,000	2,200	0	- 200
Nondurable Goods	60,300	61,000	64,300	- 700	- 4,000
Food & Kindred Products	29,200	29,900	32,100	- 700	- 2,900
Canning & Preserving	18,700	19,600	21,600	- 900	- 2,900
Other Food Products	10,500	10,300	10,500	200	0
Textile Mill Products	1,800	1,800	2,100	0	- 300
Apparel	3,200	3,200	3,500	0	- 300
Paper & Allied Products	10,500	10,500	10,500	0	0
Printing & Publishing	10,000	10,100	10,100	- 100	- 100
Chemicals & Allied Products	2,200	2,200	2,400	0	- 200
Petroleum Refining	700	600	700	100	0
Rubber & Plastic Products	2,400	2,400	2,600	0	- 200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Sept. 1980	Aug. 1980	Sept. 1979	Change From Aug. 1980	Change From Sept. 1979
(cont.)					
Total Nonmanufacturing	818,300 *	806,400 *	832,800 *	11,900	-14,500
Mining & Quarrying	2,500	2,400	2,600	100	- 100
Construction	48,500	49,800	58,300	- 600	- 9,800
Transportation, Communications, & Utilities	60,500	59,900	61,300	600	- 800
Transportation	35,300	34,600	36,900	700	- 1,600
Railroad	7,300	7,300	7,800	0	- 500
Trucking & Warehousing	17,700	17,600	18,700	100	- 1,000
Other Transportation	10,300	9,700	10,400	600	- 100
Communications	16,100	16,100	16,000	0	100
Utilities	9,100	9,200	8,400	- 100	700
Trade	259,500	257,600 *	261,000	1,900	- 1,500
Wholesale Trade	66,900	66,100 *	67,400	800	- 500
Durable Goods	41,100	41,000 *	43,300	100	- 2,200
Nondurable Goods	25,800	25,100	24,100	700	1,700
Retail Trade	192,600	191,500	193,600	1,100	- 1,000
General Merchandise	26,100	25,700	27,400	400	- 1,300
Food Stores	24,800	24,600	24,200	200	600
Auto Dealers & Service Stations	23,700	23,700	25,600	0	- 1,900
Other Retail Trade	118,000	117,500	116,400	500	1,600
Finance, Insurance, & Real Estate	69,700	70,700	71,100	-1,000	- 1,400
Banking & Credit Agencies	24,300	24,300	24,500	0	- 200
Other Finance, Insurance, & Real Estate	45,400	46,400	46,600	-1,000	- 1,200
Services	183,600 *	184,900	185,300 *	-1,300	- 1,700
Hotels & Personal Services	24,000	24,600	24,900	- 600	- 900
Health Services	59,900 *	60,700	59,400 *	- 800	500
Other Services	99,700	99,600	101,000	100	- 1,300
Government	194,000	181,800 *	193,200 *	12,200	800
Federal Government	29,900	31,200	30,000	-1,300	- 100
State Government	52,600	52,400	52,300	200	300
Education	20,300	19,600	20,600	700	- 300
Other State	32,300	32,800	31,700	- 500	600
Local Government	111,500	98,200 *	110,900 *	13,300	600
Education	65,800	51,600	64,700 *	14,200	1,100
Other Local	45,700	46,600 *	46,200	- 900	- 500
Labor-Management Disputes	600	2,500	1,400	-1,900	- 800

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

NEW HOURS AND EARNINGS SERIES

A new data series providing production worker hours and earnings averages for the Salem Standard Metropolitan Statistical Area (Marion and Polk Counties) is now available. Hours and earnings data are also available for the Portland and Eugene-Springfield SMSA's, and Jackson County. Like data is published for Oregon and each of the other states plus most large metropolitan areas in the U.S. The earnings data for any geographic region can, therefore, be compared to the earnings reported in any other area. Some of the uses of the data are illustrated below.

1979 PRODUCTION WORKER AVERAGE HOURLY EARNINGS

	U.S.	Oregon	Salem SMSA
Manufacturing	$6.69	$7.92	$7.12
Lumber & Wood Products	6.08	8.62	7.75
Food & Kindred Products	6.27	6.51	5.87

Hourly earnings are highest in Oregon due to the favorable influence of the large lumber and wood products industry (41% of all manufacturing production workers in Oregon versus 36% nationally). Salem Area average hourly earnings for all manufacturing workers fall between the U.S. and Oregon averages, supported by comparatively high earnings in the lumber sector but suppressed by the lower level shown in food processing.

Beyond the function of serving as a tool to use in comparing data between areas, the earnings information is a valuable indicator of change in earnings levels. Indeed, this information in conjunction with other data is frequently used in the contract negotiation process. Average hourly earnings in the Salem Area, for example, advanced 8.9% from 1978 to 1979 while data for the U.S. showed a slower rate of ascent at 8.4%. Consumer prices in this area (13%+), however, far outstripped living costs in the U. S. (11%+).

Finally, the workweek average is a key indicator of change in the business cycle. In this regard the Salem Area statistics show a dramatic drop in the spring of 1980 as the economic downturn, precipitated by a faltering national housing industry, became painfully evident.

Average hourly earnings are just one of a variety of information sources on earnings and wages. Likewise, the workweek average is but one of a number of indicators used to measure the health of the economy. For further information call (503) 378-8658 or write to:

Oregon Employment Division
Research and Statistics Section
875 Union Street N.E.
Salem, Oregon 97311

WORKWEEK REBOUNDS

Oregon's manufacturing production workers, still smarting from the two-fisted assault of recession and inflation, found a number of bright spots in the performance of the economy in August. While unemployment appears to be slowly heading downward, the manufacturing workweek and spendable weekly earnings each posted substantial gains. Although spendable earnings are still $5.12 below the year-ago level, the gap has narrowed considerably from 9.47 shown in July. The manufacturing workweek moved strongly upward to 38.9 hours, exceeding the year-ago figure for the first time since February. A slight decline in hourly earnings is attributable to an increase in lower-paid seasonal workers, primarily in the food processing industry.

Durable goods manufacturers contributed to the optimistic outlook as weekly hours and hourly earnings rose by 0.6 and $0.12 respectively. The lumber and wood products industry mirrored these increases, as the millwork, mobile homes, and other wood products sectors responded to slackening in interest rates by recalling some employees and increasing overtime hours. Elsewhere in durable goods, furniture and fixtures balanced a shorter workweek with a jump in earnings. Fabricated metals establishments reported small increases in hourly earnings (+0.02) and the workweek (+0.5), reflecting scattered increases in overtime activity. Cost-of-living adjustments and overtime work at several large firms helped a solid performance by the machinery sector. Some strength in the capital goods market is indicated by this rise, as firms in the construction, mining, and materials handling machinery and equipment industry led the way.

The drop of $0.31 in hourly earnings in the nondurable goods sector does not signal any ominous slump. Rather, it reflects the addition of 6,100 seasonal workers in the canning and preserving sector as the industry moves into the peak of the harvest season. More immediately apparent was the robust gain in the nondurable goods workweek, which leapt by 1.5 hours from July and stands at 1.2 hours longer than one year ago.

Increased hours at several large firms pushed the textile mill products workweek upward after a poor showing in July. Hourly earnings, however, could not keep pace and registered a slight decline. The apparel industry followed this pattern. Some weakness was evident in the paper and allied products workweek, which declined to 40.6 hours to rest significantly below the year-ago level for the first time in several months. Printing and publishing, however, exhibited the opposite trend in response to increases in overtime.

Another bright spot came in construction, an industry which has shown few encouraging signs in recent months. Solid increases in hourly earnings (+0.16) and workweek (+0.7) were evident. The increase in workweek was especially encouraging marking the first time since April that this figure has exceeded the year-ago level. Earnings in the transportation, communication, and utilities sector edged upward by $0.11 as the workweek rose to 39.9 hours. Healthy increases were evident in wholesale trade earnings (+0.06) and hours (+0.7), while retail trade remained virtually unchanged.

LABOR TURNOVER

At first glance the September labor turnover figures for Oregon's manufacturing sector might prompt dismay. Accessions dropped from 4.5 to 4.1 while separations rose from 3.7 to 4.4. However, a closer look and the magic of seasonal adjustments presents a much rosier picture. Seasonally adjusted figures reveal a 4.0 accession rate and only a 3.1 separation rate. This is rather pleasant news indeed!

Quits usually rise in September as summer workers return to school. This activity results in a nominally unfavorable accession-separations balance. This September was no exception as quits jumped from 1.6 to 2.2 in September. A 2.2 quit rate was considerably less than the September 1979 rate of 3.8. Layoffs were up from August's 1.2 to 1.5 (compared to 0.7 in September 1979).

Seasonal adjustment, though, reduced the quit rate to 1.2, the same as August's seasonally adjusted figure. In September 1979, the seasonally adjusted quit rate was 2.1.

The layoff rate exceeded the recall rate for the first time since May as the lumber and wood products and paper and allied products industries' recoveries stalled. A considerable rise in the layoff rate in the food and kindred products industry also contributed to the overall layoff rate increase. It should be noted that canning and preserving with its attendant seasonality is not included in the food and kindred products figures.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Aug. 1980	3/ July 1980	Aug. 1979	2/ Aug. 1980	3/ July 1980	Aug. 1979	2/ Aug. 1980	3/ July 1980	Aug. 1979
TOTAL MANUFACTURING 4/	$339.60	$332.88	$311.18	38.9	38.0	38.8	$8.73	$8.76	$8.02
SPENDABLE EARNINGS (1967 Dol.) 6/	114.15	112.82	119.27	NA	NA	NA	NA	NA	NA
Durable Goods	352.43	342.40	326.54	38.9	38.3	39.2	9.06	8.94	8.33
Lumber & Wood Products	389.54	378.02	357.38	40.2	39.5	40.2	9.69	9.57	8.89
Logging & Sawmills	412.29	405.00	376.00	40.5	40.5	40.0	10.18	10.00	9.40
Plywood & Veneer	399.73	380.55	365.44	41.9	40.1	41.2	9.54	9.49	8.87
Millwork & Structural Wood	272.80	246.62	263.81	35.8	33.6	38.4	7.62	7.34	6.87
Mobile Homes	291.03	263.93	246.48	36.7	34.5	39.0	7.93	7.65	6.32
Other Wood Products	342.38	317.41	337.01	37.5	36.4	40.8	9.13	8.72	8.26
Furniture & Fixtures	190.53	188.49	206.38	29.0	30.9	34.0	6.57	6.10	6.07
Primary Metals	415.28	398.86	359.48	39.4	38.5	38.0	10.54	10.36	9.46
Fabricated Metals	318.47	313.50	287.78	37.6	37.1	39.1	8.47	8.45	7.36
Machinery	332.49	325.60	304.74	37.4	37.0	37.3	8.89	8.80	8.17
Nondurable Goods	305.74	305.49	265.46	38.8	37.3	37.6	7.88	8.19	7.06
Food & Kindred Prod	274.71	264.60	232.99	39.3	36.0	37.1	6.99	7.35	6.28
Canning & Preserving	246.88	213.36	197.28	39.5	33.6	36.0	6.25	6.35	5.48
Other Food Products	347.19	350.00	323.97	38.7	40.0	39.8	8.97	8.75	8.14
Textile Mill Products	180.96	163.30	171.07	37.7	33.6	38.1	4.80	4.86	4.49
Apparel	162.40	158.39	152.80	34.7	33.7	35.7	4.68	4.70	4.28
Paper & Allied Products	436.04	454.92	398.55	40.6	42.2	41.3	10.74	10.78	9.65
Printing & Publishing	328.32	314.52	293.94	36.0	35.7	35.5	9.12	8.81	8.28
Construction 4/	496.80	481.57	445.62	36.8	36.1	36.2	13.50	13.34	12.31
Communications & Utilities 5/	364.29	359.00	336.31	39.9	39.8	39.8	9.13	9.02	8.45
Trade 5/	253.10	249.55	228.98	35.3	35.0	34.8	7.17	7.13	6.58
Wholesale Trade	325.65	317.51	290.31	39.0	38.3	38.3	8.35	8.29	7.58
Retail Trade	213.48	212.81	195.43	33.2	33.2	32.9	6.43	6.41	5.94
Banking & Insurance Carriers	202.97	202.25	179.65	NA	NA	NA	NA	NA	NA
State & Local Government	275.15	269.86	256.83	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Portland	Multnomah	One of the world's major banks has become part of Portland's financial community. The Hongkong and Shanghai Banking Corporation, A British bank based in Hong Kong, opened its Portland office on October 1. Hongkong and Shanghai has banks or representative offices in nine other U.S. cities. The Portland branch is a full service bank but will specialize in international business. The bulk of the bank's business is expected to be from Oregon firms and individuals with export and import trade interests in Asia and the Middle East. The Hongkong and Shanghai Banking Corp. has 400 branches worldwide with assets of more than $21 billion.
Umatilla-Hermiston	Umatilla	U & I Inc. has announced plans to build a potato processing plant in Plymouth, Washington, just across the Columbia River from Umatilla. The plant is expected to create nearly 1,300 jobs by 1984 with most of the workers expected to come from the Umatilla-Hermiston area in Oregon and the Tri-Cities area in Washington. The new plant will be larger than U & I's existing Gourmet Foods plant in Boardman. Plans for the plant call for a fresh-pack potato plant, a frozen potato processing facility, dry and frozen potato warehousing, and offices and other service facilities.
Oregon	Statewide	Despite the dire predictions of damage to Oregon's strawberry crop from the volcanic ash dusting that many fields received, strawberry production was up 9% from 1979. The Oregon Crop and Livestock Reporting Service has estimated a harvest of 46.3 million pounds this year compared to 42.6 million in 1979. While acreage remained unchanged from year-ago levels, the 1980 yield per acre at 8,900 pounds is second only to the record of 9,200 pounds per acre set in 1976. The ash did, however, have some negative effects on the crop. Price declines due to ash on the berries amounted to an estimated 2%, the combination of ash and rain caused 4.2 million pounds to be left in the fields compared to only 2.6 million pounds in 1979.
Vale	Malheur	The Department of Energy has provided a $123,000 grant for an investigation of the prospects for an ethanol production facility in the Vale area. The grant money is to be used in a feasibility study that will examine the potentials of using geothermal energy as a power source for the alcohol producing plant. The plans also call for the plant to use agricultural waste such as undersized potatoes and cull onions for approximately half of its energy needs. The proposed plant would be capable of producing 4.5 million gallons of alcohol per year from local agricultural products. Backers of the plant are also looking into using the by-products of the distilling process as high protein livestock feed for domestic or foreign use.
Oregon	Statewide	The Oregon Department of Veterans' Affairs sold $300,000,000 in Veterans' Welfare bonds to a national syndicate led by First National Bank of Chicago on September 16. The bonds are dated October 1, 1980 and are in $5,000 denominations. Net interest cost for the issue was 9.2554%, a record high interest cost for an Oregon general-obligation bond issue. The bonds will mature serially each on April 1 and October 1 from 1995 through 2009, with 2,000 bonds maturing on each maturity date. Proceeds from the sale will be used to make loans to qualifying Oregon veterans on resident homes and farms. Approximately $200 million will be set aside for the purchase of existing homes and farms, with $96 million to be used for new construction and major home improvements and $4 million reserved for energy conservation and weatherization projects.
Oregon	Statewide	According to estimates of 1979 per capita personal income recently released by the Bureau of Economic Analysis, Oregon ranked 16th among all states with a per capita income of $8,938. The U.S. average for 1979 was $8,773, a 139.2% increase since 1969. Oregon's 1979 per capita income, only $165 higher than the national average, has increased by 157.1% from the 1969 level of $3,477. Oregon ranked 17th in percent increase since 1969 among all states. Per capita income represents total personal income divided by total population.
Wheat Fields	Oregon	The Environmental Protection Agency (EPA) has granted approval for use of a controlled pesticide on wheat fields in 16 Oregon counties. The pesticide Benomyl can be used to fight Cercosporella foot rot on some 250,000 acres of Oregon wheat beginning November 1. The chemical may be used only with Oregon Department of Agriculture approval and certification of the existence of foot rot by county extension agents. The EPA exemption is to be in effect for an eight month period. Benomyl, otherwise known as butyl carbamoyi and benzimidazole carbamate, has been found to cause birth defects and infertility in laboratory animals by the EPA.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
November 1980

OCTOBER BOX SCORE

Wage & Salary Index....131.2 up from 130.9 in Sept.
Unemployment Rate.........8.0% unchanged from Sept.
Seasonally Adjusted Rate........................9.0%
U.S. Seasonally Adjusted Rate..................7.6%

WINTER CLOUDS GATHER

The economy apparently entered another in a recent series of transition periods during the last month and a half. The release of several conflicting national economic indicators tended to cast clouds of doubt over the short-term prospects of the recovery. These gathering concerns over the general economic picture were also crucial in creating the basis for a longer-term economic transition. The beginnings of this change can be seen in the sweeping success of the Republican party in gaining control of the White House and Senate and in the new economic policies that this victory portends.

Despite this recent activity the unemployment situation remained basically unchanged in October. Nationally, unemployment rose by one-tenth to 7.6% on a seasonally adjusted basis. Oregon's unemployment rate remained steady between September and October at 9.0% when adjusted for seasonal effects.

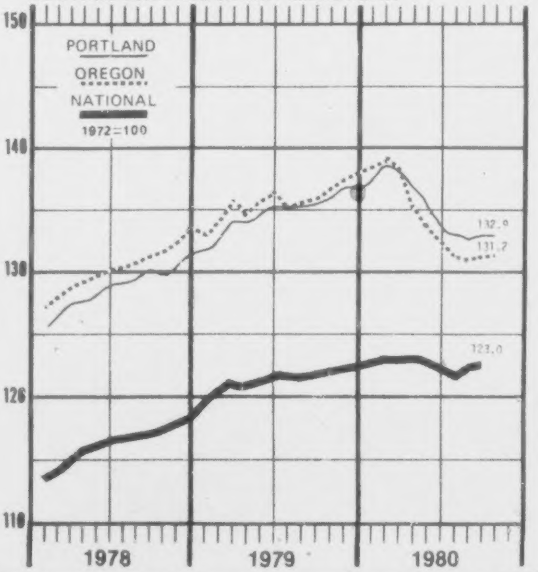
The good news at the national level led some economists to proclaim the recovery well under way and to suggest a better than previously expected fourth quarter. Retail sales at the major retailers rose more than hoped for in October. Factory orders rose by nearly 5% in September and during October industrial production, up for the third straight month, recorded the highest monthly gain since April 1978. The overall economy expanded at a 0.9% annual rate in the third quarter following a 9.6% drop in the previous three months. The index of leading economic indicators, which tends to anticipate economic trends, rose for the fourth consecutive month in September after a year of declines.

On the other hand, the not-so-good news prompted other economists to cautiously predict an early demise for 1980's recovery. The index of lagging economic indicators, which primarily reflects various business costs, displayed an unexpected rise of 3.3% in September. This index normally only rises in the advanced stages of economic recovery and sharp increases can imply an imminent halt to the recovery process. Consumer prices regained their double-digit form in September, rising at a 12.7% annual rate. The underlying inflation rate is now estimated to be 9%; following the 1974-75 recession the underlying rate emerged at 6%. Overall retail sales dropped by 0.1% in October after four months of steady increases.

Clearly more significant for Oregon was the resurgence in interest rates. By early November the prime interest rate had increased to 15.5%. Following the Federal Reserve Board's decision to raise the discount rate a full point to 12%, the prime moved to 17% by mid-November. The second straight monthly increase in home mortgage rates in October after four months of declines added to the gloomy feelings. The estimated average for October was 12.64%.

Some effects of this upward movement in interest rates have already started to surface. National housing starts rose a modest 1.6% in October after a revised 8.1% increase in September. But building permits, a sign of future construction activity, fell by 14.8% in October. Continuing pressure imposed by the deadly combination of high inflation and high interest rates surely will adversely impact any recovery in the housing industry.

INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT



Conditions in Oregon

Unemployment in Oregon rose by 1,000 between September and October, but total employment also rose holding the unemployment rate at a steady 8% of the civilian labor force. It is common for the unemployment rate to display little change during this time of the year. It is uncommon, however, to enter the winter season with a rate as high as 8% especially when accompanied by rising interest rates. In a more positive vein, the nonagricultural wage and salary index rose for the second consecutive month, posting a 0.3 increase to 131.2. This follows September's revised 0.1 increase over August. Even after these increases, the index is still well below last October's level of 136.7.

Manufacturing

The lumber and wood products sector posted a turnaround in October after showing increased employment each month since June. Employment, when seasonally adjusted, fell by 1,200 over the month. While these losses were concentrated at logging and sawmill operations, all sectors of the industry continue to be down from year-ago levels:

Logging and Sawmills	-21.7%
Veneer and Plywood	-19.3
Millwork and Structural Wood	-15.6
Mobile Homes	-30.0
Other Wood Products	-19.5

The news of rising interest rates further darkened the winter prospects for this major Oregon industry.

Employment in other durable goods, besides lumber and wood products, also dropped over the month. Notably, the instruments industry registered its second consecutive monthly loss, dropping by 400 since September.

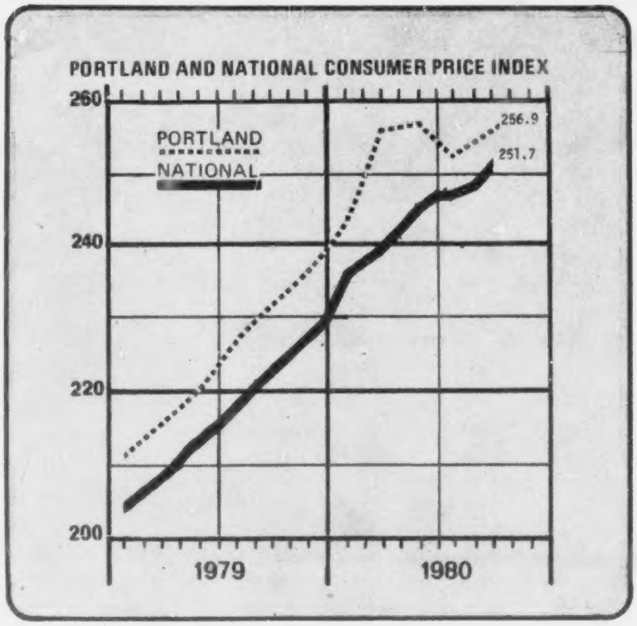
Food products employment declined again for the second straight month, but at a pace considerably lower than expected on a seasonal basis. Canneries in the Willamette Valley reported healthy employment levels as a result of later than normal harvests of corn and cauliflower.

It is significant to note that total manufacturing employment is 10% lower than year-ago levels. Every major sector of manufacturing shows employment levels below those of last October with the exceptions of instruments and electrical equipment.

Nonmanufacturing

Even though total nonmanufacturing employment rose in October by 5,400, overall employment in nonmanufacturing continued to remain well below year-ago levels. Despite the rise in employment last month, several sectors displayed weakness.

Construction employment showed its worst monthly decline since January, dropping by 2,200 over the month. Hardest hit of the construction trades were residential building and structural steel and demolition, however, major declines were spread throughout the sector. Employment in construction is nearly 20% below year-ago levels. With the return of rising interest rates, little relief is expected for the industry before spring.



Trade employment also fared poorly over the month as sizeable drops in most sectors were evident, resulting in a net decline of 1,600 over the month. The only trade group to register an increase in October was general merchandise, a possible reflection of retailers promoting an early start to the holiday buying season.

The service sector showed strength in October with an increase of 300, more than expected at this time of the year. Seasonal decreases in hotels and personal services were countered by gains in health services. A labor dispute at a major hospital in Eugene continues to idle 500 nurses.

The primary cause for the monthly gain in nonmanufacturing employment falls squarely in the education sector of government. Employment in government rose by 8,900 in October, due entirely to increases in state and local education which rose by 4,300 and 6,300 respectively as fall teacher recalls were completed. State and local public administration, however, countered with decreases. Notably, total government employment is 2,300 below year-ago levels again primarily due to reduced levels of employment in education.

Oregon's current employment situation and the implications of the mixed national indicators have combined into what is being called a gloomy economic picture for the rest of the year. The national leadership change resulting from November's elections, however, has generated considerable hope that the economic deterioration can be halted with the implementation of a fresh economic package. The new administration's calls for reduced federal spending and control, for consumer and business oriented tax revisions, and for a revival of productivity has created a mood of change and economic expectation throughout the country. With many of the tangible economic indicators pointing to a dreary winter ahead, any movement to improve the situation in Oregon will be welcomed news.

UNEMPLOYMENT INSURANCE FRAUD CONTROL

The following is an open letter from Raymond P. Thorne, Administrator of the Oregon Employment Division to all employers. The Employment Division is requesting help in eliminating fraud in its Unemployment Insurance program. If you are not involved in the personnel functions of your organization, please forward a copy of this article to the correct person.

Dear Employer:

Oregon law says that people who get unemployment insurance benefits must actively look for work or they are not entitled to a weekly check. The claimants tell us which employers they contacted for work. The only way we can verify the contacts is to check with you.

In October we stepped up this process so that we are now monitoring the work-seeking activities of many more claimants than we were before. This means someone from your local Employment Division office may have to call you to ask if a claimant actually applied for work with your company. We hope you will help us in this effort. If we can do a better job of policing claims, it will help hold down your unemployment insurance taxes.

Individual tax rates may vary depending on claims experience, but Oregon employers will stay in the same tax schedule in 1981 as 1980, in spite of a high unemployment rate. This is possible because of a series of management adjustments, including tighter fraud control, that we have made to the program in the past couple of years. Our intensified work search verfication procedure is just another step in that process, but we need your cooperation to make it work.

We have not developed these procedures in a bureaucratic vacuum. Job Service Committees, made up of employers who work closely with our local office managers, have asked for tighter controls. Labor organizations heartily endorse control of fraud and abuse of the unemployment insurance system so that deserving claimants will receive adequate benefits when they are out of work through no fault of their own.

If you find that the work search verfication process is causing you problems, please call the manager of your local Employment Division office to work out a mutual solution.

Thank you for your understanding and cooperation.

WORKWEEK RECOVERY STALLS

After a buoyant showing in August, Oregon's manufacturing average workweek regressed to May 1980 levels. The average workweek of 37.7 hours in September represented a 1.2 hour drop from August, hardly a harbinger of recovery. This average workweek was also 1.2 hours below the September 1979 showing.

This shortened workweek dampened the encouraging signs exhibited by the average hourly earnings figures. Average hourly earnings rose to a new peak this month for manufacturing workers--$8.91. This was a 14 cent increase over August and a 78 cent increase from September 1979. Even this seemingly hefty 78 cent increase was not as good as it sounds--it translates into only a 9.6% gain over the year versus the 10.6% rise in Portland's consumer price index for the same period.

The product of lower average weekly hours and the higher average hourly earnings yields a reduced average weekly earnings figure of $335.91 in September. The figure in August was $341.15. The September 1979 mark was $316.26, so average weekly earnings were up only 6.2% over the year, a fact not appreciated by the production workers!

In terms of real spendable earnings, this fact is stated more lucidly. Spendable earnings this September were down considerably from last year ($112.03 from $120.11). The impact of this 6.7 percent loss in spendable earnings was keenly felt by the production workers and, quite possibly, affected their votes in November.

CONSUMER PRICE INDEX 1/

	Portland Area		United States	
	Index	Over the Year Percent Change	Index	Over the Year Percent Change
September 1979	232.2	14.3%	223.4	12.1%
July 1980	252.7	11.1	247.8	13.2
September 1980	256.9	10.6	251.7	12.7

1/ Data are for all urban consumers which covers about 80% of the noninstitutional civilian population. Portland area data is published bimonthly. Data for the U.S. is published monthly.

RESIDENT OREGON LABOR FORCE

	1/ Oct. 1980	2/ Sept. 1980	Change	% Change	5/ Oct. 1979
Civilian Labor Force 3/	1,267,800	1,263,100	4,700	+0.4	1,231,600
Unemployment	102,000	101,000	+1,000	+1.0	71,700
Percent of Labor Force	8.0	8.0	xxx	xxx	5.8
Seasonally Adjusted Pct.	9.0	9.0	xxx	xxx	6.8
Total Employment 4/	1,165,800	1,162,100	+3,700	+0.3	1,159,900

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Oct. 1980	Sept. 1980	Oct. 1979	Change From Sept. 1980	Change From Oct. 1979
TOTAL 1/	1,034,900 *	1,033,600 *	1,079,400 *	1,300	-44,500
Wage & Salary Employment Index (Seasonally Adjusted)	131.2	130.9	136.7	xxx	xxx
Total Manufacturing	213,500	217,600	237,200	-4,100	-23,700
Durable Goods	153,500	156,800	175,000	-3,300	-21,500
Lumber & Wood Products	65,400	67,900	82,400	-2,500	-17,000
Logging & Sawmills	34,200	36,500	43,700	-2,300	- 9,500
Veneer & Plywood	19,300	19,600	23,900	- 300	- 4,600
Millwork & Structural Wood	6,500	6,300	7,700	200	- 1,200
Mobile Homes	2,100	2,000	3,000	100	- 900
Other Wood Products	3,300	3,500	4,100	- 200	- 800
Furniture & Fixtures	2,800	2,800	3,000	0	- 200
Stone, Clay, Glass, & Concrete	4,300	4,200	4,500	100	- 200
Primary Metals	10,300	10,400	11,000	- 100	- 700
Blast Furnaces, Iron & Steel	6,000	6,000	6,400	0	- 400
Nonferrous Metals	4,300	4,400	4,600	- 100	- 300
Fabricated Metals	12,900	13,000	14,200	- 100	- 1,300
Fabricated Structural Metals	5,400	5,400	6,100	0	- 700
Other Fabricated Metals	7,500	7,600	8,100	- 100	- 600
Machinery	17,400	17,400	17,600	0	- 200
Electrical Equipment & Supplies	9,500	9,600	9,200	- 100	300
Transportation Equipment	10,000	10,200	12,300	- 200	- 2,300
Instruments & Related Products	18,900	19,300	18,600	- 400	300
Miscellaneous Manufacturing	2,000	2,000	2,200	0	- 200
Nondurable Goods	60,000	60,800	62,200	- 800	- 2,200
Food & Kindred Products	29,100	29,700	30,200	- 600	- 1,100
Canning & Preserving	18,400	19,100	19,200	- 700	- 800
Other Food Products	10,700	10,600	11,000	100	- 300
Textile Mill Products	1,900	1,800	2,100	100	- 200
Apparel	3,100	3,200	3,400	- 100	- 300
Paper & Allied Products	10,300	10,500	10,300	- 200	0
Printing & Publishing	10,000	10,000	10,200	0	- 200
Chemicals & Allied Products	2,200	2,200	2,400	0	- 200
Petroleum Refining	700	700	700	0	0
Rubber & Plastic Products	2,400	2,400	2,600	0	- 200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Oct. 1980	Sept. 1980	Oct. 1979	Sept. 1980	Oct. 1979
(cont.)					
Total Nonmanufacturing	821,400 *	816,000 *	842,200 *	5,400	-20,800
Mining & Quarrying	2,500	2,500	2,500	0	0
Construction	46,400	48,600	57,600	-2,200	-11,200
Transportation, Communications, & Utilities	60,400	60,500	60,900	- 100	- 500
Transportation	35,400	35,300	36,700	100	- 1,300
Railroad	7,200	7,300	7,700	- 100	- 500
Trucking & Warehousing	17,600	17,600	18,600	0	- 1,000
Other Transportation	10,600	10,400	10,400	200	200
Communications	16,000	16,100	15,900	- 100	100
Utilities	9,000	9,100	8,300	- 100	700
Trade	258,500	260,100	262,300	-1,600	- 3,800
Wholesale Trade	66,500	67,200	68,800	- 700	- 2,300
Durable Goods	40,700	41,200	43,400	- 500	- 2,700
Nondurable Goods	25,800	26,000	25,400	- 200	400
Retail Trade	192,000	192,900	193,500	- 900	- 1,500
General Merchandise	27,000	26,200	28,000	800	- 1,000
Food Stores	24,400	24,800	24,100	- 400	300
Auto Dealers & Service Stations	23,700	23,800	25,200	- 100	- 1,500
Other Retail Trade	116,900	118,100	116,200	-1,200	700
Finance, Insurance, & Real Estate	70,000	69,900	70,700	100	- 700
Banking & Credit Agencies	24,500	24,400	24,600	100	- 100
Other Finance, Insurance, & Real Estate	45,500	45,500	46,100	0	- 600
Services	184,400 *	184,100 *	186,700	300	- 2,300
Hotels & Personal Services	23,400	24,000	25,000	- 600	- 1,600
Health Services	61,000 *	60,100 *	59,800	900	1,200
Other Services	100,000	100,000	101,900	0	- 1,900
Government	199,200	190,300	201,500 *	8,900	- 2,300
Federal Government	29,500	29,900	29,300	- 400	200
State Government	55,000	51,200	55,700	3,800	- 700
Education	23,600	19,300	24,300	4,300	- 700
Other State	31,400	31,900	31,400	- 500	0
Local Government	114,700	109,200	116,500 *	5,500	- 1,800
Education	70,000	63,700	71,900	6,300	- 1,900
Other Local	44,700	45,500	44,600 *	- 800	100
Labor-Management Disputes	500	600	800	- 100	- 300

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

Both durable and nondurable goods posted higher average hourly earnings, lower average weekly hours, and lower average weekly earnings. Construction and trade also followed this recipe.

Cost-of-living increases at some of the larger logging and sawmill firms helped keep the average hourly earnings figure comparable to the August showing for the lumber and wood products industry. A slide in average weekly hours caused a $12.70 decline in average weekly earnings for the industry. Smaller firms seemed hardest hit, many reporting shortened workweeks and less business.

Interspersed within this month of faltering recovery were some happy faces belonging to those working in the primary metals, machinery, and apparel industries. These industries all posted over 30 cents per hour gains in average hourly earnings. Increased hours for furniture and fixtures, other food products, and paper and allied products helped these workers enjoy higher average weekly earnings in September.

Biggest losers in the average weekly earnings column were workers in the other wood products, canning and preserving, textile mill products, printing and publishing, and construction industries.

Overall, September did not continue the rebounding process started in August. The recovery appears stalled for now.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Sept. 1980	3/ Aug. 1980	Sept. 1979	2/ Sept. 1980	3/ Aug. 1980	Sept. 1979	2/ Sept. 1980	3/ Aug. 1980	Sept. 1979
TOTAL MANUFACTURING 4/	$335.91	$341.15	$316.26	37.7	38.9	38.9	$8.91	$8.77	$8.13
SPENDABLE EARNINGS (1967 Dol.) 6/	112.03	114.60	120.11	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	349.98	354.51	332.59	38.0	39.0	39.5	9.21	9.09	8.42
Lumber & Wood Products	380.05	392.75	366.13	38.9	40.2	41.0	9.77	9.77	8.93
Logging & Sawmills	399.09	413.20	391.46	38.3	40.0	41.6	10.42	10.33	9.41
Plywood & Veneer	387.18	399.19	360.28	40.5	41.8	40.3	9.56	9.55	8.94
Millwork & Structural Wood	299.53	301.85	275.93	38.9	39.1	40.4	7.70	7.72	6.83
Mobile Homes	284.76	291.03	261.41	36.0	36.7	38.9	7.91	7.93	6.72
Other Wood Products	338.96	351.12	339.86	38.3	39.5	40.8	8.85	9.12	8.33
Furniture & Fixtures	201.89	189.22	209.57	31.3	28.8	32.9	6.45	6.57	6.37
Primary Metals	428.97	416.59	369.42	39.5	39.6	39.3	10.86	10.52	9.40
Fabricated Metals	316.97	320.63	286.06	38.0	37.9	38.5	8.43	8.46	7.43
Machinery	337.75	334.21	313.13	36.2	37.3	37.5	9.33	8.96	8.35
Nondurable Goods	300.14	304.54	270.05	37.1	38.5	37.3	8.09	7.91	7.24
Food & Kindred Prod	255.97	272.69	237.33	35.8	38.9	36.4	7.15	7.01	6.52
Canning & Preserving	215.28	243.51	203.35	34.1	38.9	35.0	6.24	6.26	5.81
Other Food Products	356.61	349.44	325.61	39.8	39.0	40.1	8.96	8.96	8.12
Textile Mill Products	169.10	180.96	161.98	35.6	37.7	36.4	4.75	4.80	4.45
Apparel	165.83	162.40	148.97	33.3	34.7	35.3	4.98	4.68	4.22
Paper & Allied Products	457.63	436.40	391.15	42.1	40.0	40.2	10.87	10.91	9.73
Printing & Publishing	317.94	327.96	312.08	34.9	36.0	36.5	9.11	9.11	8.55
Construction 4/	492.68	501.10	447.01	36.2	36.9	36.7	13.61	13.58	12.18
Communications & Utilities 5/	365.71	361.78	342.14	40.1	39.8	39.6	9.12	9.09	8.64
Trade 5/	252.23	252.70	233.83	34.6	35.0	34.9	7.29	7.22	6.70
Wholesale Trade	320.45	321.79	302.61	37.7	38.4	39.3	8.50	8.38	7.70
Retail Trade	214.51	215.14	197.23	32.9	33.2	32.6	6.52	6.48	6.05
Banking & Insurance Carriers	207.34	204.37	181.73	NA	NA	NA	NA	NA	NA
State & Local Government	274.25	270.22	252.96	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

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5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

LABOR TURNOVER

A slackening of new hires and recalls coupled with a boost in layoffs gave Oregon's labor turnover figures an unpleasant tint. In the manufacturing sector for October, the accession rate slumped to 3.5 (from 4.3 in September 1980 and 4.3 in October 1979). Separations held fairly steady at 4.6 (4.5 in September and 4.6 in October 1979). The unfavorable balance between accessions and separations was assuaged by seasonal adjustment (3.4 accession, 4.2 separations).

Layoffs in the lumber and wood products, primary metals, fabricated metals, and instruments and related products industries sent the layoff rate up to 2.5 (1.5 in September and 1.4 a year ago). Even though part of this boost was seasonal, the seasonally adjusted rate of 2.1 still reflected a sharp upturn.

The lumber and wood products industry displayed signs of a stalled recovery. The accession rate-separation rate balance skidded to -1.8 in October (-0.5 in September). While this was comparable to the year ago balance, it is hardly encouraging.

Nondurable goods, bolstered by a strong showing in the food and kindred industry, helped give a healthy look to the nondurable goods sector.

Special mention goes to millwork and structural wood as a most volatile industry. Accessions have gone from 17.9 in August to 10.0 in September to 5.6 in October.

OLDER OREGON WORKER REPORT RELEASED

A special labor market information report entitled Older Oregon Workers 1980 is available now from the Oregon Employment Division. The publication looks at the older work force from a variety of aspects, including general population trends, labor force participation patterns, occupation, income, and education. Attention is also devoted to special problems facing the older worker. Focus is on ages 55-64 and 65+.

Persons wishing to obtain a copy of this report can do so by contacting:

Oregon Employment Division
Research and Statistics
875 Union Street N.E.
Salem, OR 97311

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	Oct 80 1/	Sep 80 2/	Oct 79	Oct 80 1/	Sep 80 2/	Oct 79	Oct 80 1/	Sep 80 2/	Oct 79	Oct 80 1/	Sep 80 2/	Oct 79	Oct 80 1/	Sep 80 2/	Oct 79	Oct 80 1/	Sep 80 2/	Oct 79
MANUFACTURING	3.5	4.3	4.3	2.1	2.5	3.6	1.3	1.6	0.6	4.6	4.5	4.6	1.4	2.2	2.3	2.5	1.5	1.4
Seasonally Adjusted	3.4	4.2	4.2	2.0	2.2	3.5	1.3	1.9	0.6	4.2	3.2	4.1	1.3	1.2	2.1	2.1	1.6	1.2
Durable Goods	3.6	4.4	4.1	2.1	2.4	3.5	1.3	1.8	0.4	5.1	4.4	4.7	1.4	2.1	2.2	3.0	1.5	1.6
Lumber & Wood Prod	2.4	3.7	2.9	1.4	2.1	2.4	0.7	1.4	0.3	4.2	4.2	4.6	1.1	1.8	2.0	2.5	1.5	1.8
Logging & Sawmills	1.9	3.4	2.3	0.9	1.5	2.0	0.6	1.5	0.2	4.3	5.0	3.7	1.0	1.9	1.8	2.7	2.2	1.2
Plywood & Veneer	2.1	2.1	2.2	1.3	1.3	1.5	0.8	0.6	0.6	2.1	2.8	4.5	0.9	1.4	1.1	0.9	0.8	2.8
Millwk & Struc Wood	5.6	10.0	5.5	4.6	6.6	5.2	1.0	3.3	0.1	2.9	4.2	8.4	1.7	2.0	3.2	0.2	0.6	3.5
Furniture & Fixtures	7.7	7.2	9.4	7.4	5.8	9.3	0.3	1.3	*	6.7	6.8	7.0	5.5	5.0	3.8	0.3	1.2	1.6
Primary Metals	1.7	1.9	3.4	1.2	0.8	3.2	0.3	1.1	0.1	3.0	2.9	2.2	0.7	2.1	1.5	1.9	0.5	0.2
Fabricated Metals	9.1	8.7	9.6	4.9	4.3	8.7	4.2	4.4	0.8	5.7	5.8	9.8	1.6	2.4	3.9	3.4	2.3	4.4
Machinery	2.1	3.7	3.1	1.4	2.0	2.9	0.6	1.6	0.1	3.1	3.1	2.8	1.5	1.7	1.3	0.8	0.9	0.7
Elec Equip & Sup	4.3	4.0	5.8	4.0	3.5	5.6	0.3	0.4	0.2	4.3	5.3	4.2	2.3	3.5	3.1	0.3	1.0	*
Instrumts & Rel Prod	1.0	1.5	3.6	0.8	1.2	3.2	0.2	0.1	*	6.7	2.2	3.0	1.3	1.7	2.5	5.0	0.2	*
Nondurable Goods	3.4	3.7	5.4	2.2	3.0	4.0	1.1	0.6	1.3	2.7	4.9	4.4	1.3	2.6	2.5	0.6	1.4	0.8
Food & Kind Prod 3/	6.2	4.2	7.9	3.2	3.5	4.5	3.0	0.8	3.3	2.4	4.4	3.3	1.4	1.9	2.1	0.4	2.3	0.5
Textile Mill Prod	4.7	4.3	6.0	4.3	3.6	5.4	0.2	0.3	0.4	5.0	6.5	6.8	3.8	5.4	5.1	0.4	0.6	0.8
Apparel	4.4	7.6	9.6	4.3	5.9	7.6	0.1	1.0	1.9	4.1	8.7	11.7	1.6	6.4	5.8	0.4	0.3	1.2
Paper & Allied Prod	1.1	1.9	2.1	0.7	1.6	1.5	0.3	0.1	0.5	1.6	4.0	2.7	0.6	2.2	1.3	0.4	1.0	0.6
Printing & Publish	2.3	3.1	4.4	1.9	2.8	3.7	0.3	0.3	0.6	3.0	3.9	3.6	1.7	2.1	2.3	0.8	1.3	0.8

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
The Coast		The Oregon salmon fishing industry received designation as a "sector of economic dislocation" by the Small Business Administration, making salmon fishermen and operators of related businesses such as processing plants eligible for up to $100,000 in low-interest, long-term loans. Salmon fishermen suffered a disasterous 1980 season as did fishermen in general, primarily due to unfavorable exchange rates--a significant share of the market for Oregon fish is foreign. Also having a negative effect were inflated operating costs, reductions in the number of allowable fishing days, and an increasingly limited supply of fish in the sea.
Columbia Basin		Record yields and high prices have combined to make this an extremely good year in potato growing. Where tonnage averaged 24 per acre last year, farmers are getting 25 to 26, with prices averaging $120 per ton compared with $45 in the same period last year. A relative scarcity of potatoes this year explains the price level. Acreage was down to 89,000 this year in Oregon compared with 102,000 in 1979. Nationally, potato acreage was down 9% in 1980.
Pendleton	Umatilla	The State Mental Health Division is proposing that Eastern Oregon Hospital and Training Center for the mentally retarded be closed in favor of small facility patient care throughout the state. An estimated 500 jobs and $850,000 per month would be directly removed from the Pendleton area if plans go through. A significantly greater adverse impact is projected for the long run. The facility is the largest employer in the area.
Albany	Linn	Teledyne Wah Chang has been awarded a $5.1 million contract by Lawrence Livermore National Laboratory for 58,000 pounds of niobium-titanium alloy wire. The contract calls for shipment to a presently undetermined superconductor manufacturer for further processing beginning in February 1981. The wire will eventually be used in the construction of LLNL "super-magnets" that will create magnetic fields up to 150,000 times that of the earth's while consuming only 50 watts. Conventional copper magnets would require 50 million watts of power to produce the same magnetic fields.
Junction City	Lane	A reopening of the Bohemia, Inc. sawmill facility has been tentatively planned for January 1981. Approximately 180 employees were idled when the plant shut down in November 1979.
Portland	Multnomah	Agreement has been reached on the first phase of Pacific Square, a proposed $20 million multi-use center to be built in northwest Portland. Joint sponsors are Northwest Natural Gas and the Hayden Island Corporation. The six-block development would begin construction in the spring 1981 and be completed in 1983. A portion of the total space would house Northwest Natural Gas; the remainder would be occupied by retail establishments, offices, and hotel-convention-parking facilities.
Bly	Klamath	The small town of Bly and surrounding area will lose 200 jobs and their only major employer when Weyerhaeuser's sawmill closes permanently in December. The primary cause is high interest rates according to company officials.
	Benton	An estimated $19 million in crop losses are being attributed to the ash fallout from Mt. St. Helens. Benton County cherry growers contend that the eruptions caused cloud-seeding and unusually heavy summer rains that severely damaged fruit. At stake is eligibility for low-interest loan relief.
Coos Bay	Coos	The first of two test shipments of logs left Coos Bay in November for the Port of Shanghai, People's Republic of China. Three million board feet of hemlock from Weyerhaeuser's Millicoma tree farm were involved. A second shipment is scheduled for December. The People's Republic appears to be a potentially important new customer for Oregon forest products. Purchases to date have been raw logs, however, making its entry a cause for concern in the depressed finished-wood industry.
		Coos Head Timber Company's Bunker Hill sawmill closed down in mid-November, putting 42 workers out of a job and bringing total layoffs at the facility to 100. According to company officials, the closure was due to poor market conditions and will remain in effect indefinitely. Weyerhaeuser's McKenna lumber and plywood plant will continue operating, but on a curtailed basis.
Chemult	Klamath	A new Amtrak stop at Chemult was put into effect at the beginning of November. The new stop is expected to provide a major boost to tourism in the Bend recreational area. Already some 3,000 trip reservations have been made for the winter ski season. The train travels from Seattle to Los Angeles and is expected to draw heavily on vacationers from northern Washington and the Bay Area in California.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES SALEM, OREGON December 1980

...NOVEMBER BOX SCORE...

Wage & Salary Index.....131.5 up from 131.2 in Oct.
Unemployment Rate.........8.5% up from 7.9% in Oct.
Seasonally Adjusted Rate.......................8.7%
U.S. Seasonally Adjusted Rate..................7.5%

REVIEW OF OREGON'S ECONOMY IN 1980

Year 1980 saw nearly 3% growth in the Oregon labor force. Stated in real terms, the number of job-holders and active job-seekers went from 1,217,000 in 1979 to about 1,251,300 in 1980. Total employment is expected to average 1,147,600 and unemployment should average 103,700 or 8.3% of the labor force. The state's wage and salary employment index went from 138.4 in January to 131.5 in November.

Seasonally adjusted unemployment rates rose during the first half of 1980 to well above the 1979 levels as the long predicted recession became a reality. Oregon's unemployment reached 9.5% in July, its peak level for the year, a seasonally adjusted 9.5%, in July. The comparble U.S. rate for July was 7.8%. The third and fourth quarters of 1980 saw steady declines in both the state and U.S. rates to November levels of 8.7% and 7.5%, respectively. However, this trend will reverse itself during the first few months of 1981.

Many of Oregon's unemployment problems during the year were directly related to the nationwide housing slowdown that began in the spring. At the root of the housing slump were record high interest rates. Following a U-shaped curve, the prime lending rate registered 20% in April, 11% in August, and by December was up to 21% and rising. The movement of the prime rate was in response to a tight-money policy imposed by the Federal Reserve Board to control inflation, which has been running in double-digits for many of the past 18 months. The midyear interval of relatively lower mortgage interest rates was not prolonged enough to revive and sustain the demand for forest products. Housing starts nationally during the first and second quarters fell to levels near those of the 1974-75 recession and latest figures suggest a similar trend for early 1981.

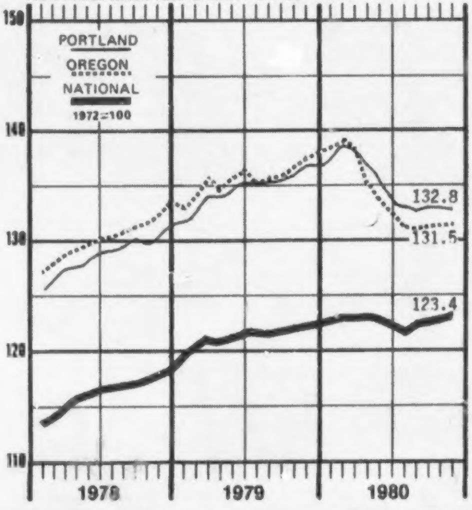
Annual average employment in lumber and wood products manufacturing went from 80,800 in 1979 to an expected 67,500 in 1980--a drop of nearly 17%. The millwork and structural wood and the veneer and plywood manufacturing industries were the biggest job losers with declines of 21% and 20%, respectively.

By mid-May, 1980 nearly 17,000 lumber and wood products employees were on layoff status. Normally, at that time of year sawmills would have been operating at full swing, yet it marked the peak in a series of mill slowdowns and closures that began in late 1979. In August 1980, at the height of the building season, the unemployment insurance claims rate was the second highest for the month in twenty years--only three-tenths of a point below that of August 1975. The duration of joblessness has also been longer this year.

Industries related to the lumber and wood products sector have also been severely affected by the recession and its aftermath. Within construction, for example, special trades contractors have been especially hard hit. Employment in the construction trades is expected to fall over 10% in 1980, a loss of some 5,500 jobs.

The impact of the housing slump on some areas of the state has been particularly severe. When one of Oregon's older lumber operations, the Hines Lumber Company near Burns, shutdown in July, unem-

INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT



AFFIRMATIVE ACTION PACKETS AVAILABLE

The 1981 Affirmative Action Data Packets are currently available. These publications provide population and Labor Force information by sex and race status. The packets are a primary source of inflrmation for those persons who are involved in developing an Affirmative Action Plan. Those persons who haven't received the 1981 packets and would like to please contact:

Oregon State Employment Division
Research and Statistics
875 Union Street N.E.
Salem, OR 97311

Phone 378-8657/6

or your local employment service office.

ployment in Harney County registered nearly 35% and remains close to 30% at year-end. Similarly, the 450-resident town of Bly in Klamath County lost 200 jobs when its sawmill permanently closed in early December.

Foreign markets could eventually be a stabilizing factor for the lumber industry in Oregon. To date, however, major buyers such as Japan purchase mostly raw logs. China, possibly our newest important customer, appears to share that preference. This is a growing source of concern in the finished wood industry.

The effects of the recession in Oregon will be felt well into 1981. The lack of demand for forest products will substantially reduce timber-sales revenue used to finance public schools. Depressed incomes and tight credit translate into reduced personal consumption--retail sales nationally showed a sharp decline in the first half of 1980. Over a prolonged period (and interest rates are on the climb again after a brief three month respite), the effects of reduced consumption in one sector spread to others. For example, transportation equipment manufacturing, which showed growth in terms of employment in 1979 (+2%), declined in 1980 by about 15%.

Employment trends in other major sectors of the Oregon economy generally showed a holding pattern in 1980, varying plus or minus only a few percentage points. One exception was electrical equipment manufacturing, which grew by 12%. However, this was considerably less than 1979's astounding 39% rise, however. Instruments and related products was another strong industry component with nearly 7% growth. These two sectors together constitute the bulk of Oregon's "electronics" industry.

Growth also occurred in paper manufacturing. From 1978 to 1979 this industry expanded its employment by about 10%. In 1980 the increase was 7%. The high rates of growth in both of these years largely reflects recovery from a major industry-wide strike which ran from July 1978 through the spring of 1979. Nonagricultural wage and salary employment and percentage changes expected for selected major Oregon industries are shown below:

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
IN SELECTED INDUSTRIES*

Industry	1979 Average	1980 Average	1979-80 % Change
Total All Industries	1051.0	1034.6	- 1.6
Manufacturing	227.3	212.6	6.5
Durable Goods	170.8	157.1	- 8.0
Lumber & Wood	80.8	67.5	-16.5
Primary Metals	11.0	10.7	- 2.7
Fabricated Metals	13.5	13.1	- 3.0
Machinery	17.3	17.5	1.2
Electrical Equipment	8.5	9.5	11.8
Transportation Equipmnt	12.2	10.4	-14.8
Instruments & Related	18.1	19.3	6.6
Nondurable Goods	56.5	55.5	- 1.8
Food & Kindred	25.1	24.2	- 3.6
Paper & Allied	9.7	10.4	7.2
Nonmanufacturing	823.7	822.0	- 0.2
Construction	53.0	47.5	-10.4
Transp., Comm., & Util.	59.7	60.4	1.2
Wholesale Trade	66.7	66.2	- 0.7
Retail Trade	189.8	190.7	0.5
Finance, Ins, & Real Est	69.0	69.9	1.3
Services	183.9	184.4	0.3
Government	199.3	200.8	0.8

*Data for both 1979 and 1980 are currently being revised to reflect 1980 benchmarks.

Estimated annual average employment in agriculture in 1980 at 34,400 (preliminary figure) showed a slight (3.4%) decrease from last year's 35,600. Similar rates of decline have been recorded almost yearly for the last decade due to increasing mechanization and a gradual shift to less labor-intensive crops. Agricultural employment decrease in 1980 were also due to developments in key crops such as potatoes where acreage was reduced substantially from 1979 levels. Ash fallout from Mt. St. Helens undoubtedly affected employment where there was crop damage--in strawberries, for example.

Economic hardship emerged in other sectors this year. Salmon fishing has become a severely depressed industry and was recently offically designated as such by the federal government making salmon fisherman and operators of related businesses eligible for low-cost relief loans. When the bond market collapsed in early spring, Marion County suffered steep financial losses and had to lay off close to 100 employees.

The recession also curtailed tourism during the early vacation season. However, end-of-summer estimates showed visitor tallies catching up with last year and nearing 1978 counts. Only the Willamette Valley and Portland areas remained below 1979 in visitor travel.

The areas of the state that perhaps suffered least from the recession were the metropolitan areas of Portland and Salem. With more diversified economies less dependent on the fortunes of wood products and related industries, these two urban centers displayed unemployment that was up over the previous year but much less so than in most other areas of the state. The second largest metropolitan area of the state, the Eugene-Springfield SMSA, however, experienced unemployment in the 9.5% to 11% range for most of the year.

The biggest early losers tended to be counties in Eastern Oregon. Harney County (32.6% unemployment in July), as previously mentioned, was the most severely affected. During the recession's peak in late spring and early summer, counties such as Crook (21.2% in July), Grant (16.9% in May), and Baker (16.1% in June) experienced high unemployment conditions. By late fall the situation in the east had improved somewhat, but several Southern Oregon counties began to show 15+% unemployment. Most of the lumber dependent areas of Oregon experienced unemployment levels in excess of 10% throughout much of 1980.

Although there has been some improvement in Oregon's economy during the past several months, a new round of interest rate increases and tight money is now casting an ominous cloud over the 1981 outlook. Our expectations for the year ahead will be discussed in next months's Oregon Labor Trends.

LAME DUCK ECONOMY

Oregon's economy continued its struggle with the recent rise in interest rates portending hard times ahead. This event, however, was not reflected in November's indicators. The closely watched jobless rate (seasonally adjusted) continued its recent decline after peaking at 9.5% in July. Following its lead the nonfarm wage and salary index conversely registered a slight gain. Both indicators are expected to show mixed trends in future months as abnormal seasonal losses will result from already low employment levels.

The number of unemployed Oregonians totaled 106,700 in November. Since May the jobless level has remained above the one hundred thousand mark, a trend that is expected in future months. The declining jobless rate (seasonally adjusted) stood at 8.7% in November compared to 8.9% in the previous month and 9.0% in September. The nation's comparable rate continued to wander in the 7.8% to 7.5% range; a range that has been maintained since May.

In Oregon the typically seasonal industries (agriculture, lumber and wood products, construction, and food processing) led November's unemployment increases. The table below compares the number of people receiving Unemployment Insurance benefits in selected industries in Oregon.

PEOPLE COLLECTING UNEMPLOYMENT INSURANCE
PAYMENTS IN SELECTED INDUSTRIES

				Pct. Change From	
	Nov. 1980	Oct. 1980	Nov. 1979	Oct. 1980	Nov. 1979
Agri, For, Fish	701	487	436	+43.9	60.8
Construction	5,361	4,640	2,449	15.5	118.9
Food Processing	1,462	979	722	49.3	102.5
Lumber & Wood	7,118	6,634	3,614	7.3	97.0
Other Manufactng	4,821	4,828	2,344	- 0.1	105.7
Trade	7,117	7,238	4,040	- 1.7	76.2
Fin, Ins, Real Est	997	1,098	618	- 9.2	61.3
Services	4,047	4,128	2,457	- 2.0	64.7
Government	3,194	3,050	2,500	4.7	27.8

Oregon's nonfarm wage and salary index registered its third monthly increase, but still remained substantially behind 1979 levels. A look at industry employment levels (see pages 4 and 5) bear out the reasons. November's nonfarm wage and salary employment totaled 1,026,900 a whopping 48,400 or 4.5% drop from year ago levels.

Another quick look at the wage and salary employment tables will further verify that weakness is indeed widespread throughout all segments of Oregon's economy. This should clue the reader that with the current economic ebb and the normal declines in season activity, Oregon's head will remain below water for several months to come.

Manufacturing industries continue to be hard pressed lagging year ago levels by 21,700 jobs.

As has been the scenario since May, the lumber and wood products sector continued its recessionary slump. Now with winter weather approaching and the upsurge in interest rates, expect even further declines. Over the month, the lumber and wood employment loss totaled 1,300 jobs, of which 1,000 were due to seasonal influences. Within the industry, the big loser was logging and sawmills (-1,400) which historically declines with the onset of winter. A positive performance was entered by millwork and structural wood (+400) which has continued to post monthly gains since May. This industry remains 16,000 jobs or 20% short of year-ago levels.

The rest of durable goods held a steady pace. Gains were registered in machinery (+200) led by their computing and calculating equipment manufacturing sector. Only the electrical equipment supplies and instruments and related products industries remain above year-ago levels in manufacturing.

Food processing employment continues its normal seasonal downturn after peaking in August at 29,900 jobs. November's figures were up 900 seasonally adjusted, however this industry was plagued by lower employment levels through the processing season. It would stand to reason that if fewer people were employed during the peak, fewer people will be laid off during the ebb.

The see-saw continues in other nondurable goods. Increases in paper and allied products (+100) and rubber and plastic products (+100) were offset by losses in apparel (-100) and petroleum refining (-100).

Overall, nondurable goods remain 2,200 behind 1979 levels.

Little positive can be said about the construction industry. Already 13,000 short of 1979 levels this industry is bracing for further declines as winter weather combines with skyrocketing interest rates. The seasonally adjusted level fell for the second consecutive month (-1,100) to reach its lowest point since June 1977.

November typically begins the Christmas buying season and this year is no exception. Depressed employment levels in general merchandising

RESIDENT OREGON LABOR FORCE

	1/ Nov. 1980	2/ Oct. 1980	Change	% Change	5/ Nov. 1979
Civilian Labor Force 3/	1,262,700	1,266,800	-4,100	-0.3	1,230,900
Unemployment	106,700	100,600	6,100	6.1	83,300
Percent of Labor Force	8.5	7.9	xxx	xxx	6.8
Seasonally Adjusted Pct.	8.7	8.9	xxx	xxx	6.9
Total Employment 4/	1,156,000	1,166,200	-10,200	-0.9	1,147,600

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

(By Place of Work)

				Change From	
INDUSTRY	Nov. 1980	Oct. 1980	Nov. 1979	Oct. 1980	Nov. 1979
TOTAL 1/	1,026,900	1,035,400 *	1,075,300	-8,500	-48,400
Wage & Salary Employment Index (Seasonally Adjusted)	131.5	131.2	137.7	xxx	xxx
Total Manufacturing	209,600	213,600	231,300	-4,000	-21,700
Durable Goods	153,000	154,000	172,700	-1,000	-19,700
Lumber & Wood Products	64,100	65,400	80,100	-1,300	-16,000
Logging & Sawmills	32,900	34,300	42,800	-1,400	- 9,900
Veneer & Plywood	18,900	19,200	22,800	- 300	- 3,900
Millwork & Structural Wood	6,900	6,500	7,400	400	- 500
Mobile Homes	2,000	2,000	3,000	0	- 1,000
Other Wood Products	3,400	3,400	4,100	0	- 700
Furniture & Fixtures	2,900	2,800	3,000	100	- 100
Stone, Clay, Glass, & Concrete	4,200	4,300	4,300	- 100	- 100
Primary Metals	10,300	10,400	11,200	- 100	- 900
Blast Furnaces, Iron & Steel	6,000	6,000	6,500	0	- 500
Nonferrous Metals	4,300	4,400	4,700	- 100	- 400
Fabricated Metals	13,100	13,000	14,100	100	- 1,000
Fabricated Structural Metals	5,400	5,400	6,000	0	- 600
Other Fabricated Metals	7,700	7,600	8,100	100	- 400
Machinery	17,500	17,300	17,600	200	- 100
Electrical Equipment & Supplies	9,500	9,500	9,300	0	200
Transportation Equipment	10,400	10,400	12,300	0	- 1,900
Instruments & Related Products	18,900	18,900	18,600	0	300
Miscellaneous Manufacturing	2,100	2,000	2,200	100	- 100
Nondurable Goods	56,600	59,600	58,600	-3,000	- 2,000
Food & Kindred Products	25,800	28,800	26,600	-3,000	- 800
Canning & Preserving	14,800	18,100	15,900	-3,300	- 1,100
Other Food Products	11,000	10,700	10,700	300	300
Textile Mill Products	1,800	1,800	2,000	0	- 200
Apparel	3,000	3,100	3,500	- 100	- 500
Paper & Allied Products	10,400	10,300	10,300	100	100
Printing & Publishing	10,000	10,000	10,300	0	- 300
Chemicals & Allied Products	2,200	2,200	2,400	0	- 200
Petroleum Refining	600	700	700	- 100	- 100
Rubber & Plastic Products	2,500	2,400	2,500	100	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Nov. 1980	Oct. 1980	Nov. 1979	Change From Oct. 1980	Change From Nov. 1979
(cont.)					
Total Nonmanufacturing	817,300	821,800 *	844,000	-4,500	-26,700
Mining & Quarrying	2,400	2,500	2,400	- 100	0
Construction	43,200	46,700	55,900	-3,500	-12,700
Transportation, Communications, & Utilities	60,100	60,500	61,100	- 400	- 1,000
Transportation	35,200	35,500	36,800	- 300	- 1,600
Railroad	7,300	7,400	7,700	- 100	- 400
Trucking & Warehousing	17,500	17,600	18,700	- 100	- 1,200
Other Transportation	10,400	10,500	10,400	- 100	0
Communications	15,900	16,000	15,900	- 100	0
Utilities	9,000	9,000	8,400	0	600
Trade	257,800	258,700	264,700	- 900	- 6,900
Wholesale Trade	65,900	66,600	68,900	- 700	- 3,000
Durable Goods	40,400	40,700	43,600	- 300	- 3,200
Nondurable Goods	25,500	25,900	25,300	- 400	200
Retail Trade	191,900	192,100	195,800	- 200	- 3,900
General Merchandise	28,500	26,700	29,900	1,800	- 1,400
Food Stores	23,600	24,400	24,600	- 800	- 1,000
Auto Dealers & Service Stations	23,200	23,800	24,800	- 600	- 1,600
Other Retail Trade	116,600	117,200	116,500	- 600	100
Finance, Insurance, & Real Estate	68,400	70,000	70,300	-1,600	- 1,900
Banking & Credit Agencies	24,600	24,500	24,600	100	0
Other Finance, Insurance, & Real Estate	43,800	45,500	45,700	-1,700	- 1,900
Services	182,200	184,000 *	185,300	-1,800	- 3,100
Hotels & Personal Services	23,100	23,900	24,900	- 800	- 1,800
Health Services	60,800	60,400 *	59,700	400	1,100
Other Services	98,300	99,700	100,700	-1,400	- 2,400
Government	203,200	199,400	204,300	3,800	- 1,100
Federal Government	29,100	29,400	28,600	- 300	500
State Government	55,000	54,800	55,400	200	- 400
Education	24,500	23,600	24,300	900	200
Other State	30,500	31,200	31,100	- 700	- 600
Local Government	119,100	115,200	120,300	3,900	- 1,200
Education	74,200	70,600	75,300	3,600	- 1,100
Other Local	44,900	44,600	45,000	300	- 100
Labor-Management Disputes	100	500	0	- 400	100

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

(department stores) grew by 1,800 over the month, providing the only positive influence to an industry already 6,900 jobs behind November 1979. Overall trade employment (seasonally adjusted) declined for the second consecutive month (-400).

Government employment (seasonally adjusted) rose 2,700 aided by larger than usual increases in community colleges (+2,300) and state education (+900) employment. Temporary election workers also helped pull up the totals keeping government jobs just 1,100 below November 1979's level.

The rest of nonmanufacturing (except mining) posted both over the month and year loses. After adjusting for normal seasonal influences, transportation, communication, and utilities held steady; finance, insurance, and real estate dropped 800 (mainly due to drops in the real estate sector); and services and miscellaneous rose by 600 (due to the end of a nurses strike).

In summary, Oregon's economy is down but not out. Let's hope it doesn't take as long to come out of this recession as it did to enter it.

LABOR TURNOVER

Thank goodness for seasonal adjustments! November's labor turnover figures show less activity than in any month since June. The unadjusted figures show an unfavorable accessions-separations balance of 3.2 to 3.5. However, seasonally adjusted, the figures reverse the balance, with accessions outweighing separations 4.3 to 3.8.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Oct. 1980	3/ Sept. 1980	Oct. 1979	2/ Oct. 1980	3/ Sept. 1980	Oct. 1979	2/ Oct. 1980	3/ Sept. 1980	Oct. 1979
TOTAL MANUFACTURING 4/	$330.62	$336.04	$310.23	37.4	37.8	38.3	8.84	8.89	8.10
SPENDABLE EARNINGS (1967 Dol.) 6/	109.54	112.07	116.80	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	340.01	349.22	321.48	37.2	38.0	38.5	9.14	9.19	8.35
Lumber & Wood Products	357.86	378.69	345.04	37.2	39.0	38.9	9.62	9.71	8.87
Logging & Sawmills	366.95	396.29	360.40	35.8	38.4	38.3	10.25	10.32	9.41
Plywood & Veneer	380.33	386.78	352.44	39.7	40.5	39.6	9.58	9.55	8.90
Millwork & Structural Wood	292.61	302.61	265.73	38.3	39.3	39.9	7.64	7.70	6.66
Mobile Homes	270.33	284.76	255.96	35.9	36.0	38.9	7.53	7.91	6.58
Other Wood Products	316.80	342.14	324.18	36.0	38.4	39.2	8.80	8.91	8.27
Furniture & Fixtures	220.74	201.89	196.56	32.8	31.3	31.3	6.73	6.45	6.28
Primary Metals	409.34	427.10	370.67	38.4	39.4	39.9	10.66	10.84	9.29
Fabricated Metals	323.26	322.15	279.74	38.9	37.9	37.6	8.31	8.50	7.44
Machinery	336.81	338.26	316.36	36.1	36.1	38.3	9.33	9.37	8.26
Nondurable Goods	301.98	299.03	274.48	37.7	37.1	37.6	8.01	8.06	7.30
Food & Kindred Prod	261.56	254.90	240.46	37.1	35.8	36.6	7.05	7.12	6.57
Canning & Preserving	225.33	214.03	209.88	37.0	34.3	36.0	6.09	6.24	5.83
Other Food Products	341.50	353.13	306.56	37.2	39.5	37.8	9.18	8.94	8.11
Textile Mill Products	170.17	171.59	167.85	34.8	35.6	37.3	4.89	4.82	4.50
Apparel	167.18	165.83	151.36	34.4	33.3	34.4	4.86	4.98	4.40
Paper & Allied Products	445.54	456.79	394.07	41.6	42.1	40.5	10.71	10.85	9.73
Printing & Publishing	341.89	321.17	316.13	35.8	35.1	37.5	9.55	9.15	8.43
Construction 4/	480.57	491.11	436.65	34.4	35.9	35.5	13.97	13.68	12.30
Communications & Utilities 5/	371.73	364.00	349.13	39.8	40.0	39.9	9.34	9.10	8.75
Trade 5/	248.40	251.92	227.46	34.5	34.7	34.0	7.20	7.26	6.69
Wholesale Trade	321.18	323.09	290.65	38.1	38.1	37.6	8.43	8.48	7.73
Retail Trade	208.97	213.19	193.88	32.6	32.9	32.1	6.41	6.48	6.04
Banking & Insurance Carriers	210.41	207.28	190.72	NA	NA	NA	NA	NA	NA
State & Local Government	265.95	271.39	248.61	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

The 3.2 rate of accessions for November in Oregon's manufacturing sector was considerably below October's 3.8 figure, but above the lackluster showing of November 1979 (3.0).

Separations, too, were below month-ago and year-ago levels. Employers appear to be making do with the status quo. Employees also appear to be riding out the 'storm' as quits fell to an unadjusted level of 1.0--which represented the lowest unadjusted level since February 1961. Worker optimism about finding new jobs appears muted.

Only three groups of workers appear even the least bit interested in moving on to different jobs--workers in the textile mill products, apparel, and furniture and fixtures industries.

There was more activity (on a percentage basis) in the durable goods sectors than in the nondurable goods sectors. Accessions of 3.4 and separations of 3.7 in the durable goods sectors were well below October levels. In the nondurable section, accessions of 2.4 and separations of 2.8 were recorded in November.

About the only good thing to be said about November's labor turnover figures was the favorable accessions-separations balance after seasonal adjustment.

WINTER STARTS EARLY

With the chilly winds of October, Oregon's manufacturing production workers received another shiver of recession in the form of falling earnings and a diminishing workweek. Spendable weekly earnings, a figure adjusted for inflation, illustrated this graphically by falling by $2.53 to $109.54, the lowest figure since April. Although October is not normally a strong month for hours and earnings, comparison with year-ago figures reveals a poor showing by any standard. The manufacturing workweek now stands at 0.9 hours below the year-ago figure and has slid by 1.5 hours since its strong August showing. Hourly earnings showed an increase of 9.1 % over the year, dragging behind the U.S. Consumer Price Index rise of 12.6% over the same period. The prospect of further decreases in manufacturing activity during the normal winter slowdown bodes ill for Oregon workers. For the durable goods sector, October was an especially weak month. The various components of the sector fell almost in unison, resulting in an overall drop of 0.8 hours in the workweek and five cents per hour. Similar declines in the workweek in March in concert with rising interest rates presaged the April debacle, and observers of the state's economy are holding their breath in hopes that the pattern does not repeat itself.

Signs of strength in durable goods were few and far between; the furniture and fixtures sector provided the only unqualified success with an increase in workweek of 1.5 hours and a jump of $0.28 in hourly earnings. Fabricated metals establishments reported a workweek one hour longer than last month to offset a drop in earnings from $8.50 to $8.31. The performance of the rest of the sector varied from bad to worse. Lumber and wood products hours and earnings suffered from decreases of $1.8 and $0.09 respectively. Leading the declining wood products workweek were logging and sawmills (-2.6) and other wood products (-2.4). Elsewhere among durable goods, primary metals producers reported drops in hourly earnings (-0.18) and weekly hours (-1.0) as overtime work was reduced. The machinery workweek remained stable over the month although this figure lagged 2.2 hours below that of a year ago.

The nondurable goods sector exhibited a performance as widely varied as the industries which comprise it. Food and kindred products showed an increased workweek due to the strength of the canning and preserving industry, where activity remained high due to a late harvest season. Other food products behaved oppositely, falling in workweek (-2.3 hours) while increasing in hourly earnings (+0.24). Likewise, the textile mill products and apparel industries went opposite directions, the former reporting a shorter workweek and higher earnings (-0.8 and +0.07, respectively) while the latter exhibited a lengthened workweek and falling earnings (+1.1 hours and -0.12). Paper and allied products reported a drop in workweek to 41.6 hours, still well above last year's 40.5 level. The drop was evident in earnings, however, as curtailed overtime deflated hourly earnings by $0.14. Increased overtime was the order of the day in printing and publishing, ushering in a solid $0.40 increase in hourly earnings.

In nonmanufacturing, increases in hourly earnings were scarcely comforting to Oregon's construction workers, who watched their workweek fall to only 34.4 hours, 1.1 hours less than a year ago. Layoffs of seasonal workers contributed to a $0.24 rise among workers in transportation, communications, and utilities. The trade workweek slid marginally as retail establishments reported fewer hours.

MINIMUM WAGE RISES

The last scheduled increase in minimum wages will go into effect January 1, 1981. The federal minimum wage for farm and nonfarm workers will increase from $3.10 to $3.35 per hour. The minimum wage for nonfarm workers in Oregon not covered under the federal law will rise to $3.10 per hour from the current $2.90 per hour. The federal minimum wage currently applies to all employers or enterprises whose annual gross volume of business exceeds$325,000. This dollar volume test limitation will be raised to $362,500 effective January 1, 1982. Future increases in the minimum wage will depend on federal and state legislative action during the coming year.

The principle of a national minimum wage was first established with passage of the Fair Labor Standards Act in 1938. At that time, the minimum wage for nonsupervisory wage and salary workers was set at $.25 per hour; farmworkers, domestic workers, and retail and service employees were not covered by the provisions of the original act.

The last amendments to the Act were passed in 1977 when Congress set the minimum wages through 1981. It is expected that during the next session of Congress new legislation will be passed setting the future course of the wage standard.

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SPECIAL REPORTS

The following special reports were released by the Labor Market Information Unit during 1980:

Affirmative Action Data Packets
Annual Planning Information Report
Area Economic Reports
Jackson County Economic Review
Labor Market Information Directory
Occupational Wage and Salary Information
Older Oregon Workers

AREA ECONOMIC REPORTS

The Employment Division's local area economists are currently completing economic reports for selected areas in Oregon. These summaries will include: (1) a review of significant economic/employment/unemployment trends, (2) outlook through 1981, and (3) characteristics of the local area's unemployed.

Publications will be available for most counties outside the metropolitan areas of Portland, Salem, and Eugene.

Last year's mailing list is being used for this year's distribution. If you did not receive a report last year but would like to receive this year's issue, contact:

Your local or labor economist,

Your local employment office,

or

Employment Division
Research and Statistics-LMI
875 Union Street N.E.
Salem OR 97311

Telephone: 378-8657/6

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
January 1981

...DECEMBER TRENDS...

Wage & Salary Index.....132.9 up from 132.7 in Nov.
Unemployment Rate.........8.7% up from 8.4% in Nov.
Seasonally Adjusted Rate.......................8.4%
U.S. Seasonally Adjusted Rate..................7.4%

OREGON'S ECONOMY

1981 Outlook

At the beginning of each new year it is traditional for economic and business forecasters to peer into their crystal ball and tell the public what fate awaits them. While this year is no exception, these economy watchers are finding the 1981 outlook anything but clear. In fact the economic picture seems more clouded than ever with interest rates back up to the record high levels of last spring, inflation still at an unacceptable two digit level, and a major change occurring in the nation's political leadership. New economic policies and spending priorities are planned by the Reagan Administration, but have not yet been confirmed nor adopted. While these impending changes in political and economic leadership have generated some optimism for the longer run, the near term economic outlook is not as encouraging.

As of December, Oregon's nonfarm employment was severely depressed compared to a year ago. All major industries, especially construction, lumber and wood products, and trade have been affected. Although Oregon's unemployment rate after seasonal adjustment has been dropping since last summer's peak of 9.5%, it is still well above a year ago. Considering the number of constraints to recovery that currently exist, further reduction in the unemployment rate is not likely to occur in 1981.

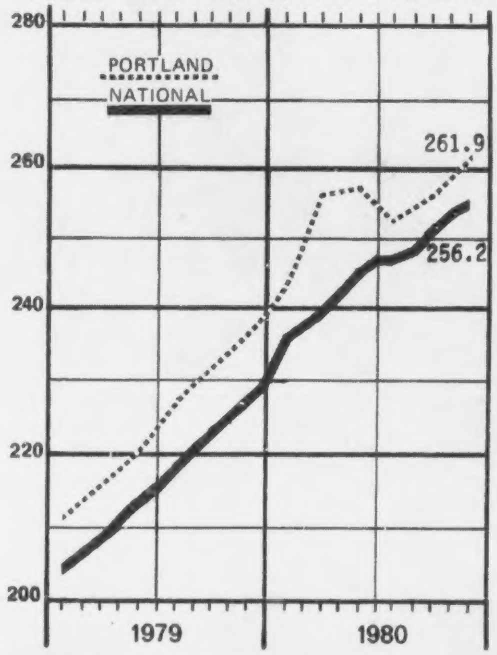
While two of these constraints, weak consumer spending and high business costs, should be reduced later this year by widely expected income tax cuts for both individuals and businesses, the new year began instead with a hefty social security tax increase. And with interest rates still near record highs, the housing industry and related sectors like lumber and wood products and real estate sales and finance will continue to flounder. So also will other activities such as sales of autos and other consumer durable goods that depend on the availability and cost of credit.

Although interest rates are expected to decline during early 1981, the central focus of the new Administration will be to lower inflation through federal budget cutbacks and tax incentives to encourage productivity, combined with a fairly tight monetary policy. No "quick fix" that will sharply reduce and maintain low inflation and interest rates and significantly revive housing, autos, and other key sectors of the economy should be anticipated.

In Oregon this means that improvement in employment levels is likely to come very slowly in 1981. There is even a possibility that the steep rise in interest rates that finally peaked in late December will induce another temporary slump in Oregon during the early months of 1981. In any event some improvement in the housing and building materials industries is expected later this year. Most forecasts of U.S. housing starts indicate a rise from just under 1.3 million units in 1980 to between 1.4 and 1.6 million units in 1981.

Most other sectors of Oregon's economy will also be trying to shake off the lingering effects

PORTLAND AND NATIONAL CONSUMER PRICE INDEX



of recession. For example, the electronics industry, which has previously expanded even during recessions, will continue to experience some large but brief layoffs during the next few months in order to control inventories. Oregon's overall economic pace as a result should be quite slow in the first half of 1981, but then begin to pick up by midyear providing the expected income tax cuts and lower interest rates are in place. Employment is expected to rise in 1981 at a slower rate than the labor force, however, causing unemployment to increase.

Many employers will be reluctant to add new workers until the recovery exhibits more staying power. If the need for more production is perceived as temporary, employers will react initially by working current employees longer hours. While this is the normal pattern following recessions, the delay in hiring new employees may be heightened in 1981 by the unusually cloudy outlook and closer attention to limiting business costs. One result expected is that unemployment will climb in 1981 both nationally and in Oregon. While the new Administration's economic battle plan focuses initially on reducing inflation, the U.S. unemployment rate is expected to average nearly 8% this year compared to 7.1% in 1980. If Oregon maintains a 1% differential as it has in the two previous years, our unemployment rate would average near 9% in 1981 versus about 8.2% in 1980.

Although 1981 will not be a banner year overall for the Oregon economy, there should be some bright spots. Two in particular are agriculture and foreign trade. Crop and livestock prices are expected to rise and crop surpluses, which hurt many farmers in 1980, will no longer be a depressant on farm prices. This may be good news for farmers and ranchers, but for most consumers it means that little if any relief is in sight from two digit inflation. During 1981 strong price increases for food and energy are expected to dominate.

Foreign trade, particularly exports of Oregon farm products, should post another good year in 1981. Exports of wheat through the Port of Portland will rise further, due in part to recent trade agreements with China.

Improvement in tourism will depend in large part on the pace of general economic recovery, the availability and price of gasoline (domestic oil price decontrol may be hastened by the Reagan Administration), and whether there are more volcanic eruptions on Mt. St. Helens or other Cascade mountain peaks. Oregon's unusually dry weather this winter will also have a significant regional impact on tourism as coastal areas benefit unexpectedly from the lack of snow at ski resorts.

Although there are other factors which could be mentioned, the scenario of gradual recovery with some increase in unemployment remains the same. While economic conditions should get progressively better as the year goes along, serious problems of high inflation and unemployment may remain with us well beyond 1981. Two very important questions now are "will the new conservative policy prescriptions for our ailing economy work?" and perhaps more importantly, "will the American public accept the discipline and patience needed for any policy to work?" Only time will tell.

The Economy at Year End

Indicators reflecting conditions in the latter months of 1980 continued to confound economic prognosticators with mixed signals. Each potentially hopeful sign has been balanced by an equally distressing one. On the labor market front, the national seasonally adjusted unemployment rate declined again in December to 7.4%. The annual average rate for 1980, however, at 7.1% was considerably higher than 1979's 5.8%. In addition, discouraged workers, those people not counted as being in the labor force because they have given up searching for a job, increased to an average 1,055,000 in the fourth quarter of 1980, nearly a 40% increase over the same period in 1979.

The Commerce Department's index of leading indicators rose by a surprising 1.2% in November, the sixth consecutive monthly increase. The ratio of the index of coincident indicators (which reflects current economic activity) and the index of lagging economic indicators (which trails economic trends) dropped for the second straight month registering its lowest level since May. This particular ratio has effectively signaled past turning points in the economy in advance of the leading indicator index. There are other signs, however, that the unusually high prime interest rate has artificially pushed up the index of lagging indicators creating an uncharted situation with unknown effects.

On a more positive note, a new index which has successfully foreshadowed labor market trends suggests that current trends of increased employment and declining unemployment will continue for several months. This index, based on average hours worked, initial claims for unemployment insurance, overtime hours in manufacturing, and part-time work, has reached a level beyond that achieved during the expansion prior to the 1980 recession.

While the major retailers reported sales gains in the fourth quarter stemming from a last minute surge of Christmas shopping, overall retail sales declined during December by 1.3%. The prognosis for early 1981 is for a bleak retail sales situation as consumers try to fight off higher Social Security taxes, continuing inflation, and holiday debts.

Even though declines were expected, new home sales gained 6% in November, construction spending was up, and factory orders rose for the fifth straight month. The expectations continue to be for December declines in all of these indicators.

The inflation picture barely brightened as producer prices rose 11.7% over December 1979 levels, somewhat improved from the 12.6% increase the year before. Consumer prices rose another 1% in November, also up 12.6% from November 1979. Inflation continues to be a primary concern for the economy's future. Two major contributing causes of the rising cost of living show no sign of leveling off. After 1979's 63% increase in energy-product prices, last year's rise of 27% is a definite improvement. Even though U.S. oil imports hit a four and a half year low in November, recent OPEC oil price increases have already put renewed pressure on consumers' energy bills. Food prices were expected to rise nearly 1% per month in 1981 before the damaging Florida freeze destroyed much of the winter vegetable and orange crop. This continuing squeeze of higher prices is especially troubling since one of the recession's outcomes was to have been renewed control over inflation.

In Oregon the signs were similary mixed. Seasonally adjusted unemployment dropped by three-tenths in December to 8.4% of the labor force. The nonagricultural wage and salary index, also seasonally adjusted, rose by two-tenths to 132.9. Despite these seemingly favorable signs, there was little enthusiasm over the numbers. The effects of the recession had already depleted the work force in many industries to the extent that normal seasonal layoffs were considerably lower than in past winters. Even though some December employment indicators displayed positive trends, total nonfarm payroll jobs in Oregon were nearly 50,000 below the level of December 1979.

Manufacturing

Employment in most manufacturing sectors remained fairly constant from November to December. The major declines over the month occurred in food and kindred products, lumber and wood products, and transportation equipment. The employment drop in food and kindred products, however, was less than seasonally expected due primarily to brisk activity at fish processors. The sharp decline in transportation equipment has been attributed to a lack of orders at shipbuilding and repair establishments.

Lumber and wood products continues to be the major story in Oregon's employment situation. The 500 decline in jobs over the month represents a seasonally adjusted increase of 1,500 since December job losses are normally more substantial. However, the sector's labor force was already at minimal levels so there was no need for the usual seasonal layoffs. December's employment in lumber and wood products was only roughly 85% of the employment levels of December 1979.

The manufacturing of machinery and electrical components, an increasingly important activity in Oregon, continues to provide some employment stability. While growth slowed considerably during the latter part of 1980, the combined sectors of instruments and related products, machinery, and electrical equipment registered employment of 46,600 in December. This figure represents nearly one-fourth of total manufacturing employment and, unlike most other major industrial sectors, is basically unchanged from year-ago levels. Employment in Oregon's electronics industry should be given a jolt early in 1981, however, as companies facing declining orders and earnings may try to cut costs by opting for temporary layoffs and partial shutdowns.

Nonmanufacturing

Nonmanufacturing employment remained below year-ago levels in each major sector at the end of 1980. There were some improvements over November as holiday-related employment generated increases. Many of these jobs, however, were only temporary and will be lost in January. Trade employment, for example, increased by 1,100 in December due almost entirely to hiring at general merchandise outlets in the retail trade sector. Trade employment still remains far below last year's level.

The service sector continues to struggle with only health services displaying employment up from last year. The lack of snow in many of Oregon's prime skiing areas is expected to have a further adverse impact on service employment next month.

Employment in transportation, communication, and utilities rose by 500 on a seasonally adjusted basis over the month. Despite this seemingly positive note, employment remained well below year-ago levels largely due to declines in the trucking and warehousing sector.

Finance, insurance, and real estate continued its recent pattern of decline in December. High interest rates and the drop in building activity have left employment in this sector 2,500 below that of one year ago.

The generally stable government sector also declined over the month and year as budgetary cutbacks and the end of the fall school term combined to decrease employment totals.

The nonmanufacturing industry suffering most from the effects of the recession is clearly construction. The 3,900 drop in December reduced employment in this sector to its lowest point since March 1977 and to its lowest December total since 1975. Employment this year is less than three-fourths of the December 1979 construction figure. Within the industry, the heavy construction sector suffered the severest setback since November, down 14.4%, while residential general builders have fallen the farthest over the year, down 30.3%. The month-ago and year-ago changes within the industry are illustrated in the following table.

	Over-the-Month		Over-the-Year	
	Total Change	Pct. Change	Total Change	Pct. Change
General Builders--Residential	- 400	- 6.8	- 2,400	-30.3
General Builders--Nonresidential	- 300	- 6.6	- 1,900	-29.0
Heavy Construction	-1,100	-14.4	- 2,700	-28.8
Special Trade Contractors	-2,000	- 8.7	- 7,400	-25.8
All Construction	-3,900	- 9.3	-14,400	-27.4

RESIDENT OREGON LABOR FORCE

	1/ Dec. 1980	2/ Nov. 1980	Change	% Change	5/ Dec. 1979
Civilian Labor Force 3/	1,273,400	1,270,500	+2,900	+0.2	1,229,400
Unemployment	111,300	107,100	+4,200	+3.9	93,400
Percent of Labor Force	8.7	8.4	xxx	xxx	7.6
Seasonally Adjusted Percent	8.4	8.7	xxx	xxx	7.1
Total Employment 4/	1,162,100	1,163,400	-1,300	-0.1	1,136,000

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Dec. 1980	Nov. 1980	Dec. 1979	Nov. 1980	Dec. 1979
TOTAL 1/	1,027,000	1,036,200	1,076,300	-9,200	-49,300
Wage & Salary Employment Index (Seasonally Adjusted)	132.9	132.7	139.4	xxx	xxx
Total Manufacturing	209,400	212,300	227,100	-2,900	-17,700
Durable Goods	156,200	157,000	170,800	- 800	-14,600
Lumber & Wood Products	67,200	67,700	77,900	- 500	-10,700
Logging & Sawmills	33,600	34,000	40,400	- 400	- 6,800
Veneer & Plywood	20,600	20,600	23,600	0	- 3,000
Millwork & Structural Wood	7,800	7,800	7,200	0	600
Mobile Homes	1,800	1,900	2,500	- 100	- 700
Other Wood Products	3,400	3,400	4,200	0	- 800
Furniture & Fixtures	2,600	2,600	3,000	0	- 400
Stone, Clay, Glass, & Concrete	4,500	4,500	4,100	0	400
Primary Metals	10,900	10,800	11,400	100	- 500
Blast Furnaces, Iron & Steel	6,300	6,300	6,600	0	- 300
Nonferrous Metals	4,600	4,500	4,800	100	- 200
Fabricated Metals	12,300	12,500	14,200	- 200	- 1,900
Fabricated Structural Metals	5,000	5,000	5,400	0	- 400
Other Fabricated Metals	7,300	7,500	8,800	- 200	- 1,500
Machinery	18,000	17,900	17,900	100	100
Electrical Equipment & Supplies	9,600	9,600	9,400	0	200
Transportation Equipment	9,800	10,200	11,400	- 400	- 1,600
Instruments & Related Products	19,000	19,000	19,200	0	- 200
Miscellaneous Manufacturing	2,300	2,200	2,300	100	0
Nondurable Goods	53,200	55,300	56,300	-2,100	- 3,100
Food & Kindred Products	22,400	24,600	24,300	-2,200	- 1,900
Canning & Preserving	11,900	14,000	13,700	-2,100	- 1,800
Other Food Products	10,500	10,600	10,600	- 100	- 100
Textile Mill Products	1,900	1,900	2,100	0	- 200
Apparel	3,200	3,100	3,300	100	- 100
Paper & Allied Products	10,300	10,300	10,300	0	0
Printing & Publishing	9,800	9,800	10,400	0	- 600
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	700	700	700	0	0
Rubber & Plastic Products	2,400	2,400	2,600	0	- 200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Dec. 1980	Nov. 1980	Dec. 1979	Change From Nov. 1980	Change From Dec. 1979
(cont.)					
Total Nonmanufacturing	817,600	823,900	849,200	-6,300	-31,600
Mining & Quarrying	2,200	2,400	2,200	- 200	0
Construction	38,100	42,000	52,500	-3,900	-14,400
Transportation, Communications, & Utilities	60,100	59,800	61,600	300	- 1,500
Transportation	35,000	34,800	37,000	200	- 2,000
Railroad	7,200	7,400	7,400	- 200	- 200
Trucking & Warehousing	17,200	17,000	18,800	200	- 1,600
Other Transportation	10,600	10,400	10,800	200	- 200
Communications	16,000	16,000	16,200	0	- 200
Utilities	9,100	9,000	8,400	100	700
Trade	259,000	257,900	267,700	1,100	- 8,700
Wholesale Trade	68,100	68,200	68,200	- 100	- 100
Durable Goods	41,700	41,700	43,300	0	- 1,600
Nondurable Goods	26,400	26,500	24,900	- 100	1,500
Retail Trade	191,100	189,700	199,500	1,400	- 8,400
General Merchandise	30,400	29,300	32,700	1,100	- 2,300
Food Stores	24,900	24,600	24,700	300	200
Auto Dealers & Service Stations	23,300	23,800	24,600	- 500	- 1,300
Other Retail Trade	112,500	112,000	117,500	500	- 5,000
Finance, Insurance, & Real Estate	67,800	67,900	70,300	- 100	- 2,500
Banking & Credit Agencies	25,000	24,900	24,800	100	200
Other Finance, Insurance, & Real Estate	42,800	43,000	45,500	- 200	- 2,700
Services	189,000	190,000	189,600	-1,000	- 600
Hotels & Personal Services	24,000	24,000	24,200	0	- 200
Health Services	62,400	62,500	60,600	- 100	1,800
Other Services	102,600	103,500	104,800	- 900	- 2,200
Government	201,200	203,900	205,300	-2,700	- 4,100
Federal Government	28,700	28,900	29,100	- 200	- 400
State Government	53,700	55,500	54,700	-1,800	- 1,000
Education	23,400	24,500	23,800	-1,100	- 400
Other State	30,300	31,000	30,900	- 700	- 600
Local Government	118,800	119,500	121,500	- 700	- 2,700
Education	73,900	74,200	75,900	- 300	- 2,000
Other Local	44,900	45,300	45,600	- 400	- 700
Labor-Management Disputes	0	0	0	0	0

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* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

In summary, it is now expected that the real recovery from the 1980 recession will not begin in earnest in Oregon and the nation until spring, at the earliest, and perhaps not until summer. Inflation continues to march, fueled by energy and food increases. Interest rates may have peaked, but only minor declines are foreseen for the next few months. Oregon's industries that have been most severely depressed, namely those reliant on the national and local housing market (lumber and wood products, construction, trucking, and finance, insurance, and real estate), will need a prolonged decline in mortgage rates. Until the high inflation/high interest rate syndrome is relieved, Oregon's economy will continue to be in a watch and wait phase--watching for positive trends in the presently mixed signs and waiting for revitalization in building activity nationwide.

THE 1980 BENCHMARK

Each year Oregon's nonagricultural wage and salary employment estimates are subjected to a major revision process known as benchmarking. The employment data on pages 4 and 5 are adjusted to the new (1980) benchmark. Revised 1979 and 1980 data are available upon request.

In benchmarking, employment totals are established primarily from quarterly reports submitted for roughly 60,000 firms included (covered) in the unemployment insurance (UI) program. Special surveys of workers not covered by unemployment insurance round out the benchmarking process providing industry totals of nonfarm wage and salary employment. While this portion of the benchmarking process is very useful in establishing accurate levels of employment, it is also a time consuming process. The UI reports, for example, are not available for use in establishing industry totals until six months after the end of quarter.

To provide current monthly employment estimates, a selected sample of about 5,000 reporters are contacted via the mail each month. These data are used to extend the UI based totals to a current month and, on an ongoing basis, to provide current monthly estimates. Benchmarking, therefore, replaces earlier sample based data with more complete information and is used to move the current industry estimates closer to their actual levels.

In November 1980, the farthest point away from the last benchmark, the revisions accounted for less than 1% difference in total nonfarm employment, despite a dramatic overall drop in employment instigated by the recession. That recessionary impact is particularly evident in view of the growth exhibited in recent years. Indeed, in the prior four years (1976-1979) nonfarm employment showed a gain averaging over 50,000 per year. The 1980 averages will show a drop of about 15,000 workers.

As a general statement about the revised numbers, it can be said the original estimates slightly overstated the impact of the recession. The November 1980 nonfarm total was 1,036,200 rather than the 1,026,900 originally estimated. The 9,300 difference was distributed in about equal proportions in the manufacturing and nonmanufacturing industries.

Original and revised employment estimates in the manufacturing industries were most often within a few hundred of each other. A notable exception is the lumber and wood products sector, where our extra efforts to track and adjust for layoffs and closures masked some of the resiliency in the industry. The result--less of an employment drop than was first reported, particularly in the veneer/plywood sector.

Looking down the nonmanufacturing column, original estimates for most major industry divisions were "right on the money." The totals for transportation, communication, and utilities; trade; finance, insurance, and real estate; and government combine to represent 589,500 Oregon workers in November. The change in benchmarks did not affect that total at all! Individually, none of these industry totals was adjusted by as much as 1,000. It should be noted, however, that within trade an original understatement of wholesale activity was offset by too high a figure in retail, especially eating-drinking establishments.

Construction employment is down and, perhaps not too surprisingly, down even more than we had estimated. Conversely, services employment is up and up noticeably from our earlier estimates. The revisions show that strength and further expansion in the business services category (computer services, advertising, etc.) continue to befuddle our efforts to keep on top of the industry with 100% accuracy.

NOVEMBER 1979 EMPLOYMENT

	Original Estimate (1979 BM)	Revised Estimate (1980 BM)	Change
Total Nonagriculture	1,026,900	1,036,200	+9,300
Manufacturing	209,600	212,300	2,700
Lumber & Wood	64,100	67,700	3,600
Other Manufacturing	145,500	144,600	- 900
Nonmanufacturing	817,300	823,900	6,600
Construction	43,200	42,000	-1,200
Transp, Comm, & Util	60,100	59,800	- 300
Trade	257,800	257,900	100
Fin, Ins, & Real Est	68,400	67,900	- 500
Services	182,200	190,000	7,800
Government	203,200	203,900	700

HOURS AND EARNINGS

If average hourly earnings (AHE) could serve alone as a barometer of the health of the state's economy, then ours would appear to be doing quite well. Oregon's manufacturing employes were earning $8.95 in November 1980, up from November 1979's figure of $8.11--a 10.4% increase. The nondurable goods sector's production workers' AHE were up in November over last year's level by 12.7%.

However, if increases in AHE are analyzed in conjunction with recent decreases in average weekly hours (AWH), then workers' gains would be reduced, perhaps even lost. Indeed, this is what happened in the, nondurable goods sector in November where workers AWH decreased by 0.9 hours.

The point is that it's best to view AHE cautiously, for the real meaning may be hidden. A consistently more useful statistic for measuring the state of the economy is the AWH figure. As demand for an industry's goods or services increases or decreases, so will that industry's workers' AWH respond to the change.

As for hours and earnings in the state's various manufacturing industries, some relative gains were made in November. Primary metals recorded a $56.40 increase in AWE over November 1979's level--a 14.6% increase. The other food products sector of the food and kindred products industry also recorded a substantial increase in AWE of $41.83--a 13.1% rise.

Three of the five published sectors of the lumber and wood products industry reported increases in AWH from their October levels. The "other" wood products sector led the way with an increase of 3.7 hours. The logging and sawmills and the veneer and plywood sectors both were higher than their November 1979 AWH levels (+0.5 and +3.5, respectively).

Trade employes' AWH and AWE figures should normally come down due to the temporary hiring of lower paid, part-time workers for the Christmas season. However, this year these two indicators held steady over the month. This stability reflects an ironic sluggishness in the trade industry, especially apparent in the retail sector which includes furniture and department stores.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Nov. 1980	3/ Oct. 1980	Nov. 1979	2/ Nov. 1980	3/ Oct. 1980	Nov. 1979	2/ Nov. 1980	3/ Oct. 1980	Nov. 1979
TOTAL MANUFACTURING 4/	$341.00	$331.88	$308.18	38.1	37.5	38.0	$8.95	$8.85	$8.11
SPENDABLE EARNINGS (1967 Dol.) 6/	111.51	109.91	115.19	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	352.28	341.67	316.99	38.5	37.3	38.1	9.15	9.16	8.32
Lumber & Wood Products	377.52	359.20	335.04	38.8	37.3	37.9	9.73	9.63	8.84
Logging & Sawmills	392.64	370.39	351.19	37.9	36.1	37.4	10.36	10.26	9.39
Plywood & Veneer	402.94	381.68	334.78	41.2	39.8	37.7	9.78	9.59	8.88
Millwork & Structural Wood	286.90	292.61	281.26	37.9	38.3	41.0	7.57	7.64	6.86
Mobile Homes	251.20	270.33	241.61	33.9	35.9	37.0	7.41	7.53	6.53
Other Wood Products	356.80	316.28	327.53	39.6	35.9	39.7	9.01	8.81	8.25
Furniture & Fixtures	219.11	211.95	189.41	33.3	31.4	31.0	6.58	6.75	6.11
Primary Metals	443.15	413.57	386.75	41.3	38.4	41.1	10.73	10.77	9.41
Fabricated Metals	327.40	321.40	287.66	38.7	39.1	38.1	8.46	8.22	7.55
Machinery	349.31	335.73	323.09	37.2	36.1	38.1	9.39	9.30	8.48
Nondurable Goods	308.58	304.34	278.98	37.0	37.9	37.7	8.34	8.03	7.40
Food & Kindred Prod	266.21	266.96	243.25	35.4	37.6	36.8	7.52	7.10	6.61
Canning & Preserving	210.59	232.63	202.42	32.7	37.4	35.7	6.44	6.22	5.67
Other Food Products	361.20	343.60	319.37	40.0	37.8	38.9	9.03	9.02	8.21
Textile Mill Products	178.82	171.69	175.94	37.1	35.4	38.0	4.82	4.85	4.63
Apparel	168.16	167.18	158.12	34.6	34.4	34.6	4.86	4.86	4.57
Paper & Allied Products	446.71	442.90	397.80	41.4	41.2	40.8	10.79	10.75	9.75
Printing & Publishing	336.81	338.31	306.34	36.1	35.8	36.6	9.33	9.45	8.37
Construction 4/	460.36	485.10	433.49	33.9	35.0	35.1	13.58	13.86	12.35
Communications & Utilities 5/	382.30	372.93	361.00	40.2	39.8	40.2	9.51	9.37	8.98
Trade 5/	252.30	250.50	229.47	34.8	34.6	34.3	7.25	7.24	6.69
Wholesale Trade	333.98	325.46	298.37	38.7	38.2	38.4	8.63	8.52	7.77
Retail Trade	209.59	209.29	193.24	32.8	32.6	32.1	6.39	6.42	6.02
Banking & Insurance Carriers	209.23	209.98	194.05	NA	NA	NA	NA	NA	NA
State & Local Government	277.90	264.77	244.38	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

DECEMBER BLEAK MONTH FOR LABOR TURNOVER

December's labor turnover rates for Oregon's manufacturing industries painted a rather bleak picture. Recovery, if it exists, is keeping a very low profile. The accession rate fell to 2.2 in December from 3.0 in November. Seasonal adjustment pushed this mark up to 3.7, but this was still below December 1979's seasonally adjusted figure of 3.9. Separations mounted in December as the rate climbed to 3.9 from November's 3.5. Seasonal adjustment raised the separation rate up to 4.4 for December. December 1979's seasonally adjusted separation rate was 4.9.

The unadjusted accessions-to-separations balance of -1.7 was a good indication of the lack of hiring activity recovery. Even though this balance narrowed after seasonal adjustment (3.7 to 4.4, for a -0.7 balance), December simply wasn't very cheerful.

Durable goods, spurred by large layoffs in the lumber and wood products industry, posted a -2.1 accessions-to-separations balance. Layoffs of over 2,000 workers in the lumber and wood products industry fueled the skyrocketing rise in separations for the industry. The 5.1 separations rate was 2.3 higher than in November. Especially hard hit was the logging and sawmills industry, with a separation rate of 7.3.

Overall, December simply was not conducive to giving hope for an early end to the recession. Although the figures were not as severe as those posted in December 1979, this provided little solace.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		Oregon farms had another record-breaking year in 1980 with total gross income from sales reaching $1.74 billion, up 17% from 1979. This was the seventh consecutive year that gross sales have exceeded the $1 billion level. Sales from all crops registered $1.135 billion, a rise of 25.3% over last year, while livestock and poultry products sales reached $607 million, up 3.2% from 1979. A record wheat harvest of 78 million bushels representing $300 million in sales was a major highlight of the year in agriculture. The only products with sales down from the previous year were small fruits and berries and cattle and calves. The three leading counties in gross farm sales during 1980 were Marion ($188.6 million), Umatilla ($167.6 million), and Malheur ($137.3 million). A fourth county joined the ranks of those counties with sales in excess of $100 million as Clackamas saw sales of just under $101 million in 1980. The continuing growth in Oregon's agricultural output is largely attributable to its commodity diversity. Oregon had 82 different farm products with sales grossing more than $1 million in 1980. While these gross sales figures indicate that 1980 was a good year for agriculture overall, farmers and ranchers encountered an estimated 12% increase in costs due to inflation which will significantly lower their net income gains.
Springfield	Lane	Construction valued at $4.8 million is currently transforming the Gateway district in west Springfield. The major project in the development is the Gateway Office Plaza, a two-story building that will house a dozen Lane County labor unions, a credit union, and a law firm on the ground floor. In addition, the first floor will contain a meeting hall with a seating capacity of 300 people. The meeting hall will be able to be divided to handle up to three smaller groups and will have complete kitchen facilities. Nearly 14,000 square feet of additional office space will be provided on the second floor. The project is valued at $1.7 million.
Medford	Jackson	Another electronics firm has announced plans to locate a new manufacturing facility in Oregon. International Memories Inc. has leased a building for its new plant in the Medford Industrial Park located in White City. Production will be geared to the manufacture of a disc drive for the mini-micro computer market. International Memories intends to initially hire about 25 people from the local area with prospects of a future employment buildup.
Coos Bay-North Bend	Coos	The Canasia Coal Company recently won an option to lease coal mining rights at Eden Ridge near Powers, Oregon. The Port of Coos Bay also granted the firm a one-year option to lease 50 acres of the North Spit in North Bend, with the potential for a one-year extension on this agreement. The successful negotiation of these two options will pave the way for a one-year feasibility study undertaken by Canasia to determine the quality of the coal and the cost of mining and processing it for export. The Eden Ridge field may contain about 50 million tons of coal with 30 million tons recoverable through underground mining. The company plans to mine a million tons per year if warranted by the results of the feasibility study. Predictions are for 300 jobs at the mine and 60 additional jobs moving the coal to the North Spit. At the North Spit site, the coal would be stockpiled for export and possibly mixed with other coal brought by rail from the Rocky Mountain states. According to current plans, the North Spit facility would have the potential of exporting 12 million tons of coal per year with a staff of 50 people and of loading two 125,000 ton ships simultaneously. The coal to be exported would be destined for the Japanese, South Korean, and Taiwanese markets. If the feasibility study shows promise, the development project should start by early 1982.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
February 1981

...JANUARY TRENDS...

Wage & Salary Index.....133.3 up from 132.4 in Dec.
Unemployment Rate........10.0% up from 8.8% in Dec.
Seasonally Adjusted Rate.......................8.3%
U.S. Seasonally Adjusted Rate.................7.4%

GOOD NEWS — BAD NEWS

First the Good News. Our best economic indicator, the wage and salary employment index, just registered its fifth consecutive monthly increase. This is indeed good news as Oregonians wait for the spring thaw--in both the economy and the weather. Although construction and trade lost jobs (-1,400 and -10,200 respectively), their job loss was much less than expected for this time of the year. In fact, after adjusting for expected seasonal variations, January's wage and salary employment lost 7,000 fewer jobs than normally expected. This trend was mirrored in nearly every other major industry sector.

Now the Bad News. Although it is true that Oregon lost 7,000 fewer jobs than normal for January, the bad news is that because of poor economic conditions, most of the 7,000 were either laid off earlier in the season or were never hired in the first place. In other words: You can't lose a job you don't have.

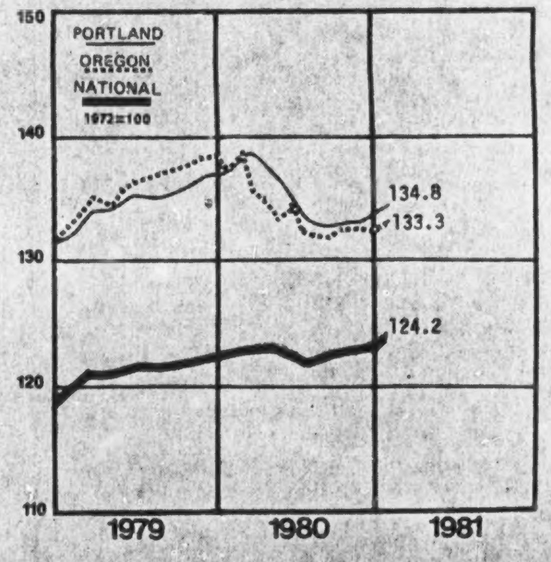
By industry. As expected, employment in trade plummeted (-10,200) following the holidays. However, because employment was already at low levels during December (259,300 vs. 267,700 a year earlier) the industry lost 2,000 fewer jobs than usual. Normal seasonal declines were endured by eating and drinking places (-2,000) and apparel and accessory stores (-1,000). Establishments showing smaller than usual losses include food stores (-300) and furniture stores (-200).

Food and kindred products employment dropped 1,800 since December. This was 300 fewer than normally expected. In the food processing sector, the number of jobs fell 1,200 to register the same level as a year ago. The job market is fairly stable during the winter months as most canneries repack produce which was processed in bulk at the height of the harvest season. Employment at seafood processors slipped by 200 over the previous month and 100 over a year ago.

Job losses in the food processing sector are virtually guaranteed over the next few years. The Del Monte Corporation has announced the closure of its Salem green bean cannery before the start of summer; about 75 full-time and 800 seasonal workers will lose their jobs. Ten years ago this plant was rated as the world's largest green bean cannery. The Pacific Northwest has been losing its canned vegetable business to Midwest producers and processors. According to industry experts, this region's relatively high wage and benefit rates coupled with increasingly high transportation costs have given an advantage to the Midwest in canned corn and beans.

Although lumber and wood lost 1,700 employes over the month, this industry continued its trend of recent months by once again posting a slight (+200) gain in the seasonally adjusted employment level. Mobile home establishments held steady over-the-month, even though a sharp annual percentage decline (-21.8%) was reported. Temporary shutdowns sparked a monthly downturn (-900) in the veneer and plywood sector.

INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT



The immediate problems in this industry are threefold. First - most of Oregon's wood products are geared to the highly volatile housing market. However, indications that interest rates have peaked and optimism that some of President Reagan's economic policies will cut inflation and stimulate savings flow have enhanced the outlook for the industry.

Second - the price of trees on the stump has climbed relentlessly during the past decade. The January 16, 1981 issue of the Wall Street Journal reports that the cost of unharvested timber in Oregon and western Washington, which is sold at auction, soared to about $310 a thousand board feet early last year--ten times the 1971 price. Competition at the auctions is intense because the U.S. Forest Service, the largest seller, sets annual limits on its timber sales.

Third - Oregon (and other Northwest) sawmills and plywood plants are at an economic disadvantage relative to those in eastern Canada and the southern U.S. in selling to the lucrative markets east of the Rockies. While higher timber costs may contribute in some measure to this disadvantage, other significant problems are the high (and growing) transportation costs and the higher costs of labor.

Employment in government declined 1,500 since December (-100 seasonally adjusted). Leading the decline was federal forestry (-1,100) followed by community colleges (-800). Countering this trend was other state government where 300 employes were added for this year's legislative session. Employment in Oregon's government sectors will especially feel the squeeze that President Reagan is preparing to put on federal spending. (See the following article entitled "Where to Now???" for further discussion of the potential impacts of the new federal budget--ed.) The labor intensive human resource and education programs are likely to be hardest hit. Ticketed for oblivion are public job programs under the Comprehensive Employment and Training Act (CETA) where nearly 3,700 participants were employed in the public sector as of January 31, 1981.

For the first time in over a year, employment in construction registered an increase in seasonally adjusted employment (+2,700). As with most other major industry sectors enjoying a seasonally adjusted increase, the increase was caused by a less-than-normal drop in employment rather than an actual job increase.

It looks as though housing construction will again get to lead Oregon out of the economic doldrums. Although current high interest rates (14-15%) will nip off any immediate surge in housing starts, an environment of declining interest rates will gradually stimulate the housing related industries.

WHERE TO NOW???

This question was sent buzzing across the nation on November 4, 1980 when Ronald Reagan defeated Jimmy Carter for the Presidency of the United States. Since then speculation has run rampant on the future of the federal budget and the potential impacts on major segments of the American economy. The shifts from the social programs of the 1960's and the 1970's to the expected defense oriented programs of the 1980's certainly has many implications for major industry and occupational sectors in the United States. In this article subjective speculation will be made on some of the potential results of the federal dollars eventually appropriated by the new Administration for the defense and social programs.

No matter what the cause, the immediate effects of a shift in the distribution of federal expenditures among national programs will be the same. The end result will be an increase in demand for resources used by activities receiving high priority and a decrease in demand for resources used by the programs no longer in favor. From the economic and labor force policy standpoint, this shift in national spending goals amounts to a realignment in the structure of demand for industry and occupational resources. To a great degree the feasibility of such a reallocation of national expenditures will depend on whether or not the employment resources exist to meet these new national demands on the labor market. If the system is unable to provide the necessary labor force skills, then a likely result will be inflationary wage increases rather than increased employment in certain occupations. Conversely, a significant cutback in expenditures in certain program areas could result in high unemployment or underemployment in certain groups of occupations. Both of these conditions will be felt by some industries and occupations with the new federal funding priorities during the 1980's. The rest of this article will try to highlight a few of those industries and occupations that will feel the impacts.

The national political consensus toward more defense spending in the 1980's will create very positive economic forces for some major industries. The new program will involve the redistribution of a large portion of the domestic social program expenditures to a wide variety of defense programs, tax cuts, etc. However, the redistribution of these monies will not be spread uniformly. Decisions will have to be made on how much of the increased defense expenditures will go toward such items as military personnel, equipment purchases, naval shipbuilding, aircraft, and research and development. For the required increase necessary to achieve the new national priorities on defense programs, the new program expansions will have to be financed out of cutbacks in such programs as housing, health, welfare, education, agriculture, and environment. Some specific industries which should benefit substantially from the new defense orientation are: aircraft; shipbuilding; armaments; vehicles and heavy equipment; steel; engines and turbines; electrical and electronic equipment; and office accounting and computing equipment.

Two other major elements (which are not industries per se) that will benefit from this renewed defense emphasis will be the military personnel and the research and development organizations who do research for the Department of Defense.

A few of the specific industries possibly experiencing the largest negative effects under the defense scenario would be: construction; lumber and wood products; federal, state, and local government administration; finance, insurance, and real estate; health and welfare; education; and nonprofit organizations. At first, the negative impacts on these industries are not as readily apparent as the positive economic forces that will benefit those industries with the higher defense expenditures. For instance, significant reductions in public highway and building construction, federal low-cost housing, and other loan guarantee programs will reduce the demand for construction materials adversely affecting lumber and wood products employment. Major cutbacks in the funding of health, welfare, and education programs will eventually force a lowering in demand for services provided by state and local governments in these areas. However, the size and extent of cutbacks in these industry areas will be dictated by the success of the total economic and social game plan of the new Administration. The total plan includes tax incentives for saving and investment, return of welfare programs to states, lifting of farm export restrictions, reduction of the federal deficit, etc. If these energetic efforts meet their objectives, then the economic consequences of the job losses created by the shift toward national defense needs would be partially offset by growth in the private sector.

Industry expansion or decline translates into job gains or losses for specific occupational skills employed by these industrial sectors. Such will be the case for the occupations employed in those industries who benefit or suffer with the reallocation of federal dollars in the 1980's. The new occupational requirements brought about by expanded defense capabilities exhibit a high degree of sensitivity to this change. Under the defense option some occupations for which employer demands should increase significantly are: aeronautical engineers; electrical and electronic engineers; industrial engineers; mechanical engineers; engineering technicians; machinists; machine tool operators; tool and die makers; and assemblers. Significant negative impacts could be felt for: teachers; medical workers; social workers; real estate sales; and various construction crafts.

The implications of the preceding paragraph suggest that without careful planning tremendous imbalances could occur in the occupational demand-supply relationships for specific occupational skills. For example, shortages could develop for certain types of engineers at the same time an oversupply of teachers and social workers is created. In both of these examples, the new federal defense policies would worsen shortages and surpluses that already exist in the labor market for these two occupational groups. Current inflationary wage pressures for certain engineer specialities would rise faster without increasing employment while more teachers would be faced with problems of structural unemployment or underemployment. In Oregon these increased pressures would simply add to the current crisis in the state's ability to fund all present educational programs at their present levels during the 1980's. The financing dilemma facing higher education in this state will undoubtedly have to be met with a reorientation of its major mission in the coming decade. Traditionally, the mission of higher education has focused on the benefits accruing to society over and above those to the individual. In times of shrinking resources, educational institutions may have to focus more on the job opportunities that their prospective graduates will face.

On these issues, the State of Oregon and the U.S. Government should develop long-range plans which avoid the "crises" environment which historically has accompanied major social and economic policy shifts in the United States. The extent to which these conditions will come to pass will be dependent on future political, economic, and social events. Only time will provide the final answer to which one of the many scenarios that could be drawn from the new federal directions in the 1980's will prevail. We wish the new Administration and the Congress well in this new venture.

LABOR FORCE BENCHMARK

In last month's Labor Trends publication the article "The 1980 Benchmark" discussed the nonfarm wage and salary employment revision process. It was learned that this once-a-year procedure called benchmarking was used to re-estimate data based on more current statistics. In this article, a further discussion of the benchmarking process will be presented. Instead of nonfarm industry employment, however, the discussion will center on the revision process in the total employment/total unemployment series. Although there are many similarities between both benchmarking procedures the employment/unemployment series contains some unique procedures.

To better understand employment and unemployment benchmarking one must understand how the monthly estimates are compiled. The procedure used to estimate employment and unemployment is determined by the U.S. Department of Labor, Bureau of Labor Statistics (BLS). The BLS, in cooperation with the Bureau of the Census, conducts a monthly household survey nationwide called the Current Population Survey (CPS). From this survey of 68,000 households, the nation's unemployment statistics are derived. However, determining Oregon's jobless statistics is a bit more complicated.

The CPS in Oregon includes only 1,100 households, too small a number for direct use. Therefore, an alternative procedure is used which incorporates the Oregon CPS data. An independent unemployment estimate is derived using Unemployment Insurance (UI) administrative data, nonfarm industry employment data, special surveys, and 1970 Census relationships. This "handbook" estimate, (so called because the instructions are contained in a manual) reflects biases due primarily to different state UI laws. But by adjusting the handbook results by the CPS estimates, a more accurate and comparable employment and unemployment

cont. on page 6

RESIDENT OREGON LABOR FORCE

	1/ Jan. 1981	2/ Dec. 1980	Change	% Change	5/ Jan. 1980
Civilian Labor Force 3/	1,266,000	1,269,200	- 3,200	- 0.3	1,214,30
Unemployment	126,600	112,300	+14,300	+12.7	99,100
Percent of Labor Force	10.0	8.8	xxx	xxx	8.2
Seasonally Adjusted Percent	8.3	8.4	xxx	xxx	6.7
Total Employment 4/	1,139,400	1,156,900	-17,500	- 1.5	1,115,200

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Jan. 1981	Dec. 1980	Jan. 1980	Dec. 1980	Jan. 1980
TOTAL 1/	1,007,800	1,027,800	1,039,900 *	-20,000	-32,100
Wage & Salary Employment Index (Seasonally Adjusted)	133.3	132.4	137.7	xxx	xxx
Total Manufacturing	204,700	209,300	218,600	- 4,600	-13,900
Durable Goods	153,200	156,000	165,500	- 2,800	-12,300
Lumber & Wood Products	65,300	67,000	74,000	- 1,700	- 8,700
Logging & Sawmills	32,600	33,200	38,700	- 600	- 6,100
Veneer & Plywood	19,800	20,700	22,200	- 900	- 2,400
Millwork & Structural Wood	7,800	7,800	6,800	0	1,000
Mobile Homes	1,800	1,800	2,300	0	- 500
Other Wood Products	3,300	3,500	4,000	- 200	- 700
Furniture & Fixtures	2,500	2,600	2,700	- 100	- 200
Stone, Clay, Glass, & Concrete	4,300	4,500	3,900	- 200	400
Primary Metals	10,800	10,900	11,400	- 100	- 600
Blast Furnaces, Iron & Steel	6,300	6,300	6,600	0	- 300
Nonferrous Metals	4,500	4,600	4,800	- 100	- 300
Fabricated Metals	12,100	12,300	13,700	- 200	- 1,600
Fabricated Structural Metals	4,800	4,900	5,300	- 100	- 500
Other Fabricated Metals	7,300	7,400	8,400	- 100	- 1,100
Machinery	17,800	18,000	18,200	- 200	- 400
Electrical Equipment & Supplies	9,600	9,600	9,300	0	300
Transportation Equipment	9,400	9,800	11,000	- 400	- 1,600
Instruments & Related Products	19,100	19,000	19,100	100	0
Miscellaneous Manufacturing	2,300	2,300	2,200	0	100
Nondurable Goods	51,500	53,300	53,100	- 1,800	- 1,600
Food & Kindred Products	20,800	22,600	21,600	- 1,800	- 800
Canning & Preserving	10,700	12,100	11,300	- 1,400	- 600
Other Food Products	10,100	10,500	10,300	- 400	- 200
Textile Mill Products	1,900	1,900	2,100	0	- 200
Apparel	3,100	3,100	3,300	0	- 200
Paper & Allied Products	10,300	10,300	10,300	0	0
Printing & Publishing	9,800	9,800	10,100	0	- 300
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	700	700	600	0	100
Rubber & Plastic Products	2,400	2,400	2,500	0	- 100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Jan. 1981	Dec. 1980	Jan. 1980	Dec. 1980	Jan. 1980
(cont.)					
Total Nonmanufacturing	803,100	818,500	821,300 *	-15,400	-18,200
Mining & Quarrying	2,000	2,200	2,100	- 200	- 100
Construction	37,000	38,400	47,000 *	- 1,400	-10,000
Transportation, Communications, & Utilities	59,400	60,100	60,100	- 700	- 700
Transportation	34,500	35,100	35,500	- 600	- 1,000
Railroad	7,300	7,400	7,400	- 100	- 100
Trucking & Warehousing	16,800	17,100	17,600	- 300	- 800
Other Transportation	10,400	10,600	10,500	- 200	- 100
Communications	15,800	16,000	16,200	- 200	- 400
Utilities	9,100	9,000	8,400	100	700
Trade	249,100	259,300	252,500	-10,200	- 3,400
Wholesale Trade	66,700	67,900	66,700	- 1,200	0
Durable Goods	40,900	41,500	42,700	- 600	- 1,800
Nondurable Goods	25,800	26,400	24,000	- 600	1,800
Retail Trade	182,400	191,400	185,800	- 9,000	- 3,400
General Merchandise	27,100	30,700	29,100	- 3,600	- 2,000
Food Stores	24,600	24,900	23,600	- 300	1,000
Auto Dealers & Service Stations	23,200	23,400	24,000	- 200	- 800
Other Retail Trade	107,500	112,400	109,100	- 4,900	- 1,600
Finance, Insurance, & Real Estate	67,200	67,600	69,100	- 400	- 1,900
Banking & Credit Agencies	24,900	25,000	24,700	- 100	200
Other Finance, Insurance, & Real Estate	42,300	42,600	44,400	- 300	- 2,100
Services	188,700	189,700	186,700	- 1,000	2,000
Hotels & Personal Services	23,700	24,200	23,500	- 500	200
Health Services	62,900	62,400	61,000	500	1,900
Other Services	102,100	103,100	102,200	- 1,000	- 100
Government	199,700	201,200	203,800	- 1,500	- 4,100
Federal Government	27,400	28,600	28,200	- 1,200	- 800
State Government	54,600	54,000	56,300	600	- 1,700
Education	23,500	23,600	23,700	- 100	- 200
Other State	31,100	30,400	32,600	700	- 1,500
Local Government	117,700	118,600	119,300	- 900	- 1,600
Education	73,300	73,700	75,100	- 400	- 1,800
Other Local	44,400	44,900	44,200	- 500	200
Labor-Management Disputes	100	0	200	100	- 100

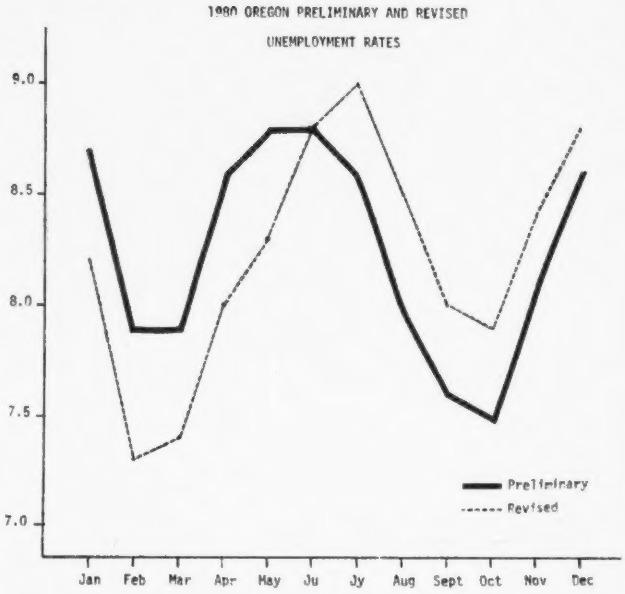
* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

estimate is derived. The CPS adjustment consists of developing a six-month moving average for the most current handbook and CPS estimates. The CPS average is then divided by the handbook average with the result applied to the most current handbook level. The entire process is accomplished for both employment and unemployment estimates.

At year end, however, the annual average CPS data for Oregon is statistically accurate enough (7½ coefficient of variance at 6.0 unemployment rate) to use independently. To move Oregon's statistics conceptually closer to the nation's data, the annual CPS average is used instead of the CPS adjusted data. The annual CPS data is then allocated to individual months based on the revised handbook trends.

The accompanying graph compares the preliminary (previously published) and revised jobless rates for 1980. Notice that the CPS adjusted or preliminary unemployment rate underestimates the benchmarked level early in the year, then overestimates the rate late in the year. The probable cause for this relates to the six month moving average which tends to lag the true seasonal trend.



AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Salem	Marion	The Del Monte Corporation recently announced plans to close its Salem green bean cannery before the start of this year's summer processing season. Losses to the area will include around 800 seasonal and 75 full-time jobs and contracts involving 60 growers. High labor and transportation costs are cited as primary causes for closure of the plant which has been operating since 1916. Reportedly, these factors have contributed significantly to the decline in recent years of the competitive strength of Northwest food producers relative to those in other regions, particularly the Midwest. Ten years ago Salem's Del Monte plant was the largest processor of green beans in the world.
Western Oregon		During fiscal year 1980 more than $97 million was deposited in the accounts of 18 western Oregon counties by the federal government as a result of forest management of the O & C lands. This land consists of 2.6 million acres of property acquired by the federal government in 1914 following violations of an 1869 land grant to the Oregon and California Railroad. The O & C lands are now administered by the Bureau of Land Management. Each county containing O & C land receives half of the resource management receipts that result from BLM activity on the O & C land within its boundaries. In fiscal year 1980, Douglas County received $24.4 million, the largest share of the payments, followed by Jackson County ($15.2 million), Lane County ($14.9 million), and Josephine County ($11.7 million).
Jacksonville	Jackson	With dramatic increases in the price of gold over the past two years, a renewed interest in mining has surfaced in southwest Oregon. A Nevada corporation has proposed opening a strip mine to remove gold from Sugar Loaf Mountain near Jacksonville. Continental Minerals, Inc. of Las Vegas is reportedly prepared to spend an estimated $1 million to begin operations on a 20-acre site. The corporation has applied for a conditional-use permit from Jackson County, but will need additional permits from at least six other federal and state government agencies before mining can begin.
Charleston	Coos	One of the county's largest remaining seafood processors, Charter Ocean Products, Inc., announced the permanent closure of its Charleston plant effective February 1981, affecting approximately 150 persons. This represents the third closure occurring in the county's seafood processing sector over the past year. Cape Arago Fisheries, Inc. closed in June, with Ocean Fresh Seafoods, Inc. destroyed by fire last February. These three firms were the area's largest processors, accounting for well over half of all employment in the area's seafood processing industry. A poor crab season following a year of severe economic reversals were the principal reasons cited for Charter Ocean's decision to close. A skeleton maintenance crew will remain at the facility until it is sold.

HOURS AND EARNINGS

As has often been the case during the recent recessionary months, December hours and earnings figures painted a misleadingly bright picture of the state's economic health. Spendable weekly earnings, average weekly hours, and hourly earnings for the state's manufacturing production workers rose in unison from the preceding month. The manufacturing workweek rose to two-tenths of an hour above its year-ago level, a fact normally taken to be a positive indicator. On the darker side of the numbers, however, there were more than 16,000 fewer production workers employed than at the same time in 1979 and nearly 3,000 fewer than the month before! Furthermore, it should be noted that December earning figures normally show an increase resulting from layoffs of seasonal workers, particularly in the food processing industry.

Among the individual manufacturing industries, lumber and wood products recorded a falling workweek over the month (-0.3 hours). Rising hours in the highly paid logging sector increased average hourly earnings for the entire industry. Possibly feeling the effects of sky-high interest rates, the mobile homes workweek fell 1.3 hours to 32.3. Both hours and earnings tumbled in the furniture and fixtures industry, as several higher paying firms reported considerably reduced activity. Higher paying producers in primary metals increased their hours in January, keying a $0.18 increase in average hourly earnings. However, industry wide, average weekly hours were down 0.4 hours. Fabricated metals establishments reported increased overtime, raising hourly earnings by $0.14. In the machinery industry, strong activity in the construction and materials handling machinery sector boosted the workweek by 0.8 hours.

In nondurable goods, both hourly earnings and weekly hours shot upward in the food and kindred products industry. This is primarily a reflection of reductions in the lower-paid seasonal work force. In paper and allied products, large firms which reported full workweeks in addition to vacation pay inflated the workweek and hourly earnings figures by 1.7 hours and $0.06 respectively. Widespread pay increases in the printing and publishing industry led to a jump of $0.27 in hourly earnings.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Dec. 1980	3/ Nov. 1980	Dec. 1979	2/ Dec. 1980	3/ Nov. 1980	Dec. 1979	2/ Dec. 1980	3/ Nov. 1980	Dec. 1979
TOTAL MANUFACTURING 4/	$351.26	$345.47	$315.65	38.6	38.3	38.4	$9.10	$9.02	$8.22
SPENDABLE EARNINGS (1967 Dol.) 6/	113.32	112.78	116.89	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	357.82	356.81	324.17	38.6	38.7	38.5	9.27	9.22	8.42
Lumber & Wood Products	372.86	373.46	346.12	38.4	38.7	38.5	9.71	9.65	8.99
Logging & Sawmills	400.93	386.15	369.59	38.7	37.6	38.7	10.36	10.27	9.55
Plywood & Veneer	377.14	400.88	339.47	38.8	41.2	38.1	9.72	9.73	8.91
Millwork & Structural Wood	297.55	387.28	274.22	39.1	38.0	39.4	7.61	7.56	6.96
Mobile Homes	242.90	250.66	234.17	32.3	33.6	33.5	7.52	7.46	6.99
Other Wood Products	318.21	355.50	336.10	35.2	39.5	40.3	9.04	9.00	8.34
Furniture & Fixtures	196.99	220.11	193.10	31.1	33.3	31.5	6.34	6.61	6.13
Primary Metals	443.35	440.34	392.79	40.6	41.0	42.1	10.92	10.74	9.33
Fabricated Metals	332.93	326.70	296.81	38.4	38.3	38.2	8.67	8.53	7.77
Machinery	361.13	357.02	339.55	38.5	37.7	39.3	9.38	9.47	8.64
Nondurable Goods	328.79	310.99	289.55	38.5	37.2	38.3	8.54	8.36	7.56
Food & Kindred Prod	289.04	269.54	249.44	37.2	35.7	36.9	7.77	7.55	6.76
Canning & Preserving	235.55	215.14	204.75	35.0	33.2	35.0	6.73	6.48	5.85
Other Food Products	363.51	361.49	325.62	40.3	39.9	40.2	9.02	9.06	8.10
Textile Mill Products	174.37	175.69	184.16	36.0	36.3	39.1	4.85	4.84	4.71
Apparel	170.58	169.05	160.19	34.6	34.5	34.9	4.93	4.90	4.59
Paper & Allied Products	464.38	446.71	417.32	42.8	41.1	41.9	10.85	10.79	9.96
Printing & Publishing	352.54	335.16	306.64	36.8	36.0	36.9	9.58	9.31	8.31
Construction 4/	491.04	461.59	442.26	34.9	33.4	35.1	14.07	13.82	12.60
Communications & Utilities 5/	385.43	386.72	358.28	39.9	40.2	40.9	9.66	9.62	8.76
Trade 5/	248.98	254.12	232.27	34.2	35.1	35.3	7.28	7.24	6.58
Wholesale Trade	332.83	338.91	299.87	38.3	39.0	38.2	8.69	8.69	7.85
Retail Trade	206.08	209.52	198.07	32.1	33.1	33.8	6.42	6.33	5.86
Banking & Insurance Carriers	211.41	209.78	194.93	NA	NA	NA	NA	NA	NA
State & Local Government	265.24	277.30	245.06	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

OREGON LABOR TURNOVER

There was more bad news in January for Oregon's manufacturing labor force. For the fifth consecutive month, separations exceeded accessions. January's figures for Oregon's manufacturing sector showed an imbalance of roughly 950 more separations than accessions, however, this was a smaller imbalance than in previous months.

Once again layoffs fuelled the debit balance. Over 4,000 layoffs were recorded in January. This figure easily topped the recalls and new hires mark. Layoffs were especially prominent in the millwork and structural wood, fabricated metals, food and kindred products, and veneer and plywood industries. Each of these industries posted a 3.2 or higher rate.

Quits were up some from December's 0.8 showing. This may be taken as a sign that workers are becoming slightly more optimistic about their chances of finding new employment. Even so, the encouraging rise must be tempered by the realization that a 1.1 rate is quite low during normal times.

Both new hires and recalls were up from December's torpid showing. The new hires rate was up slightly from December's 1.4 mark to 1.6. However, the January figure of 1.6 was well below January 1980's 2.2.

The recall rate (1.6) doubled in January from December's 0.8 rate. However, this 1.6 rate was well below the January layoff rate of 2.1. This was a much narrower gap than in December (0.8 to 2.6).

Among the nonmanufacturing industries, construction showed strongly in December as the workweek rose by 1.5 hours to reach 34.9, accompanied by a $0.25 increase in hourly earnings. Any optimism from these figures, however, should be tempered with the fact that the industry employed 3,000 fewer workers in December. The wholesale trade sector appeared somewhat shaky as hourly earnings remained stable while the workweek fell by 0.7 hours. The retail trade workweek fell even more sharply, but predictably so as temporary workers were hired to meet the Christmas rush.

The durable goods sector had an unfavorable accession-separations balance of -0.2 (compared to December's -2.1 and January 1980's -0.3). The nondurable goods sector did not fare as well either. A -1.7 balance (compared to December's -0.1 and January 1980's -1.2). Employment dropped off by almost 430 workers (out of 40,000+).

The apparel industry was especially hard-hit as its 9.0 separation rate attests. Fabricated metals and millwork and structural wood were the two most volatile durable goods industries.

Compared to last January, the labor turnover rates are cheerier. However, January 1980 was the worst January since January 1975. Thus there is little reason to celebrate over this January's showing.

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Jan 81	2/ Dec 80	Jan 80	1/ Jan 81	2/ Dec 80	Jan 80	1/ Jan 81	2/ Dec 80	Jan 80	1/ Jan 81	2/ Dec 80	Jan 80	1/ Jan 81	2/ Dec 80	Jan 80	1/ Jan 81	2/ Dec 80	Jan 80
MANUFACTURING	3.4	2.3	3.8	1.6	1.4	2.2	1.6	0.8	1.4	3.9	4.1	4.2	1.1	0.8	1.5	2.1	2.6	2.0
Seasonally Adjusted	3.8	3.9	4.2	2.0	2.5	2.7	1.6	1.1	1.4	4.1	4.6	4.4	1.5	1.3	2.0	1.7	1.7	1.6
Durable Goods	3.6	2.3	3.9	1.5	1.3	2.1	1.9	0.8	1.6	3.8	4.4	4.2	1.0	0.8	1.4	2.1	3.0	2.1
Lumber & Wood Prod	3.7	2.0	3.6	1.2	1.0	1.3	2.2	1.0	2.0	4.3	5.3	4.5	0.9	0.7	1.2	2.4	4.1	2.6
Logging & Sawmills	4.6	2.3	4.5	1.0	0.7	1.3	3.4	1.4	2.6	3.5	7.9	3.5	0.8	0.6	0.9	1.6	6.7	1.7
Plywood & Veneer	2.1	1.4	2.5	1.0	0.5	1.1	1.0	0.8	1.3	4.6	2.4	5.2	0.9	0.5	1.2	3.2	1.5	3.4
Millwk & Struc Wood	3.2	3.3	2.7	2.6	3.3	1.2	0.4	*	1.5	7.5	3.0	4.0	1.6	1.3	1.9	4.9	0.8	1.5
Furniture & Fixtures	4.0	3.5	5.7	3.8	2.3	5.0	0.2	1.1	0.8	2.7	3.5	7.1	2.0	1.8	3.5	0.0	1.0	2.1
Primary Metals	2.0	1.7	2.0	1.4	1.1	1.5	0.6	0.6	0.5	1.3	1.2	2.2	0.6	0.5	1.1	0.2	0.3	0.5
Fabricated Metals	10.2	4.6	7.1	3.0	2.1	4.1	7.2	2.5	2.9	6.4	9.8	6.5	1.4	1.9	2.5	4.4	7.2	2.8
Machinery	2.8	1.9	3.4	1.6	1.3	3.0	1.2	0.3	0.3	3.3	2.4	3.2	0.7	0.4	1.0	2.0	1.6	1.4
Elec Equip & Sup	2.7	3.3	3.7	1.9	3.0	3.5	0.7	0.2	0.1	4.6	2.3	4.0	1.9	1.4	2.6	1.6	0.2	0.6
Instrumts & Rel Prod	0.7	1.1	2.3	0.5	1.0	1.9	*	0.1	*	1.1	0.8	0.8	0.6	0.6	0.7	0.4	*	*
Nondurable Goods	2.5	2.5	3.3	1.7	1.6	2.6	0.7	0.8	0.6	4.2	2.6	4.5	1.5	1.0	1.8	1.9	0.9	1.9
Food & Kind Prod 3/	1.5	3.1	1.7	1.2	1.8	1.2	0.2	1.2	0.4	5.9	2.2	7.3	1.2	0.7	1.4	4.0	1.0	5.4
Textile Mill Prod	3.0	3.6	4.5	2.4	3.3	4.0	0.3	0.2	*	3.8	3.5	4.5	2.7	2.3	3.4	0.3	0.5	0.2
Apparel	6.1	5.3	10.8	5.0	4.2	10.0	0.5	0.5	0.3	9.0	7.4	10.0	4.9	3.4	6.5	2.4	1.2	0.5
Paper & Allied Prod	1.5	1.8	1.6	0.8	0.4	1.0	0.6	1.2	0.4	2.8	1.5	1.8	0.7	0.3	0.8	1.2	0.7	0.4
Printing & Publish	2.7	2.2	4.0	2.0	1.6	2.9	0.5	0.5	0.9	2.5	2.8	3.7	1.4	1.2	1.7	0.7	1.0	1.4

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

4/7/81

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section
SALEM, OREGON March 1981

...FEBRUARY TRENDS...

Wage & Salary Index...131.4 down from 133.0 in Jan.
Unemployment Rate.......10.8% up from 10.0% in Jan.
Seasonally Adjusted Rate........................9.6%
U.S. Seasonally Adjusted Rate..................7.3%

A SHORT MONTH — FORTUNATELY!

Beginning with the "crash" in the spring of last year when widespread layoffs were reported thoughout the lumber and wood products industry, the state's economy has been in what can at best be called a slump. Nevertheless, an occasional glimmer of hope has led us to talk in terms of "good news - bad news" or "cautious optimism" for the last half year. Not so in February! The state's economic performance in the second month of the second year of this decade was just plain bad. Employment totals plummeted, the rate of unemployment skyrocketed, and even the weather was lousy during the midmonth survey week.

The nonfarm wage and salary employment index, our best indicator of current economic performance, dropped from 133.0 in January to 131.4 in February. The nonfarm employment total should have advanced by 3,000+ in February under normal seasonal conditions. Instead, the figure showed a whopping drop of 11,800 from 1,006,100 to 994,300. On the unemployment side, the seasonally adjusted rate jumped from 8.4% in January to 9.6% in February, the highest rate reported in Oregon in four and a half years. Although that figure is somewhat inflated by a one-week layoff involving 8,400 workers, the rate would still be 9.0% even without the layoff in the computations. The actual number of unemployed workers hit 137,600 in February, marking the largest number of unemployed workers ever recorded in the state!

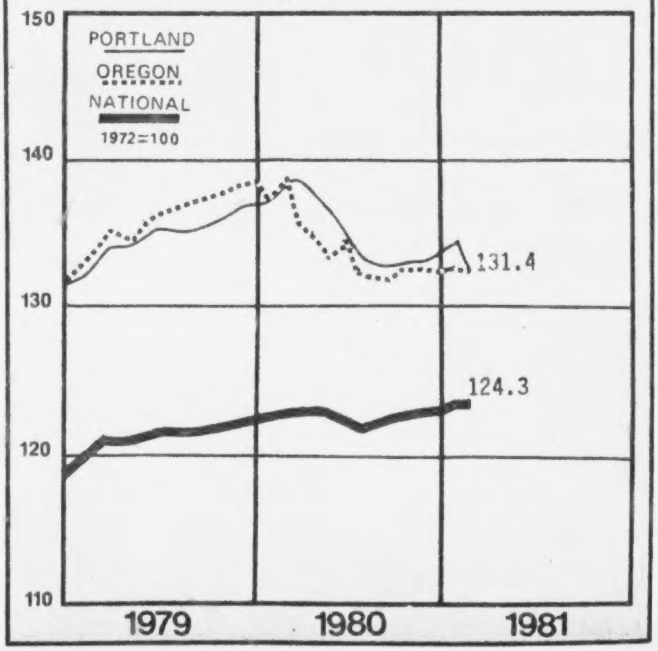
A quick look at the over-the-month movement in employment shows a very dramatic reduction in the electronics related industries due to a one-week layoff which happened to hit the midmonth survey week. The brunt of that closure was noticeable in the instruments and related products portion, although reductions were also felt in the machinery sector where manufacturers of calculators and computers are included.

At 35,500, February employment in the construction industry was about 75% of the total shown a year earlier. While heavy construction work added some stability to the industry February, there were sizeable losses in building construction and related special trades work. Problems associated with the slump in Oregon were compounded in February by a labor dispute in the Portland area involving, directly, over 400 roofers. Besides, the weather during much of the February midmonth survey week was cold and wet adding a further deterrent to construction work.

Adding to the list of poor performance areas was the trade sector. Weakness in the wholesale distribution of auto parts and supplies plus construction related sales was particularly evident.

Employment trends in the remaining major industry divisions moved about as expected under normal seasonal conditions. Yet, "normal seasonal" is hardly applicable given the status of Oregon's economy. The industry employment data, suffering from prolonged disruptions, makes the use of

INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT



seasonally adjusted data less meaningful or even misleading. Hence, brief month-to-month fluctuations in the seasonally adjusted employment data should only be mentioned with a cautionary note.

Lumber and wood products employers reported a winter low 64,600 workers in February, down marginally from the 65,000 shown in January but 9,600 below last February's data. Incentive in the form of product demand is just not yet available to provide the momentum missing in the industry.

Elsewhere in the manufacturing sector employment most often held even or dipped slightly over the month. The largest change was detected in fabricated metals where a labor dispute at one local machinist union contributed to the reduction.

The finance, insurance, and real estate category showed no overall change in February, although significant reductions have been evident recently in the real estate sales component. Services employment performed about as expected, bolstered by long overdue snow and subsequent hiring in the ski resorts.

Given the poor economic performance evident in the February data, the reader might wonder what to expect next. Without question, March will be better than February. April will hopefully be better than March. And, optimistically, we can look for continued improvement in subsequent months. In the myriad of variables that combine to form a set of economic indicators, some signs are promising (alas, back to the cautious optimism syndrome!). Recent reports on inventories nationwide, for example, indicate the inventory-to-sales ratio, designed to show the number of months it would take to sell off inventories at current sales rates continues to drop. Apparently companies are not having undue problems selling their products.

Economic performance, fluctuating with the season in the short run, is also cyclical in the long run. Hopefully we have nearly completed our latest pass through the low end of the economic cycle. Recovery will come to Oregon as well as the nation, just not as quickly as we would like to see it.

A SPECIAL STUDY

Selected demographic characteristics of Oregon's insured unemployed in 1979 and 1980 will be discussed in a two-part study now being completed by the Research and Statistics section of the Oregon Employment Division. The research was undertaken with the support of the Bureau of Labor Statistics.

The first part of the study, "Oregon's Insured Unemployed: Characteristics of Claimants Filing Initial Claims during 1979," is based on a 10% sample and is representative of the entire state. It includes data on sex, race/ethnic group, age, wages earned in base period, weeks worked, average weekly wage, and industry attachment for persons filing initial claims during 1979. Tables, graphs, a glossary of UI terms, and a general discussion of the unemployment insurance system and the relation of insured unemployment to total unemployment complement the data analysis.

Data in the second part of the study will be available for individual labor market areas for 1980. Sex and race/ethnic group characteristics for claimants compensated during the week of the 12th of each month will be compiled in "Oregon's Insured Unemployed: Sex and Race/Ethnic Group Characteristics of Compensated Claimants, by Labor Market Area, 1980." These data will be compared with Current Population Survey data on the characteristics of the unemployed and with preliminary 1980 Census figures on the sex and race/ethnic breakdowns of county populations.

The first publication will be available in late July, and the second is scheduled for distribution in September. Persons wishing to be placed on the mailing list for either or both of these publications should call Chrystal S. Smith or Fred Klatz at 503-378-8651 or write to this address:

State of Oregon
Employment Division
Research and Statistics
875 Union Street N.E.
Salem, Oregon 97311

CONSUMER PRICE INDEX 1/

	Portland Area		United States	
	Index	Over the Year Percent Change	Index	Over the Year Percent Change
1980 Annual Average	255.4	13.3%	246.8	13.5%
January 1981	266.4	8.9	260.5	11.7
February 1981	---	---	263.2	11.3

1/ Data are for all urban consumers which covers about 80% of the noninstitutional civilian population. Portland area data is published bimonthly. Data for the U.S. is published monthly.

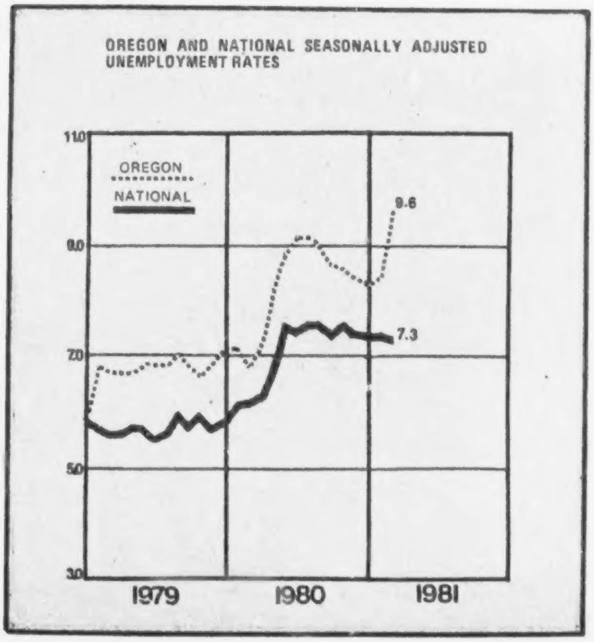
ANNUAL AVERAGE UNEMPLOYMENT RATES • 1980

The 1980 annual average unemployment rates for all labor market areas in Oregon are provided in the following table. These rates reflect the revised data used in the yearly benchmarking process. The effects of the year's recession on unemployment throughout the state is clearly evident--nearly half of the labor market areas had annual average unemployment rates in double digits and nearly three-fourths had rates higher than the state average. The rates ranged from a high of 22.1% in Harney County to a low of 4.9% in Gilliam. The 1980 Resident Labor Force and Nonagricultural Wage and Salary tables for all areas will be available shortly.

1980 ANNUAL AVERAGE UNEMPLOYMENT RATES

State of Oregon	8.2%	Hood River	9.6
		Jackson	10.4
Eugene SMSA	9.8	Jefferson	8.0
Portland SMSA	6.2 *	Josephine	13.0
Salem SMSA	7.7	Klamath	10.3
		Lake	11.3
Baker	13.1	Lincoln	8.8
Benton	6.7	Linn	10.9
Clatsop	9.4	Malheur	8.3
Columbia	10.0	Morrow	5.8
Coos	14.1	Tillamook	9.8
Crook	16.5	Umatilla	7.6
Curry	12.9	Union	8.4
Deschutes	11.8	Wallowa	9.1
Douglas	12.4	Wasco-Sherman	7.7
Gilliam	4.9	Wheeler	12.7
Grant	14.4	Yamhill	7.9
Harney	22.1		

* Clark County, Washington data based on 1979 benchmark.


OREGON AND NATIONAL SEASONALLY ADJUSTED UNEMPLOYMENT RATES

— ERRATA —

The 1980 Oregon Resident Labor Force and Nonagricultural Wage and Salary Employment table enclosed in the February 1981 Oregon Labor Trends contained a dating error. In the upper right corner, the date should read "March 1980 Benchmark; March 1981 (Rev.)" instead of the printed date of March 1979 Benchmark. In addition, the 1980 statewide tables including the seasonally adjusted unemployment rates by month have now been printed and will soon be sent to those on the current mailing list.

HOW OREGON COMPARES

Oregon's annual jobless rate reached 8.2% in 1980 following a trend exhibited by most other states in the U.S. Overall, Oregon's rate was the eighth highest in the nation surpassed only by Michigan (12.6%), Alaska (9.6%), Indiana (9.6%), West Virginia (9.4%), Alabama (8.8%), Ohio (8.4%), and Illinois (8.4%).

Within the Western region, Alaska posted the highest jobless rate (9.6%) while Utah recorded the largest over-the-year gain. The honors for the lowest 1980 jobless rate belonged to Wyoming with a 3.9% annual rate.

Hawaii, along with Delaware and the District of Columbia were the only states to register a declining jobless rate in 1980. Of the 13 western states, five were above the 7.1% U.S. annual rate and eight were below.

Nationwide, the 1980 sharp rise in joblessness was attributed to cutbacks in durable goods (automobile related, lumber products, etc.), mining, and construction employment.

ANNUAL AVERAGE UNEMPLOYMENT
RATES FOR WESTERN STATES
1979 and 1980

	1979	1980	Pct. Change Over the Year
U.S.	5.8%	7.1%	+22.4%
Western Region	6.0	6.8	13.3
Alaska	9.2	9.6	4.3
Arizona	5.1	6.7	31.4
California	6.2	6.8	9.7
Colorado	4.8	5.6	16.7
Hawaii	6.3	5.0	-20.6
Idaho	5.7	7.9	38.6
Montana	5.1	6.0	17.6
Nevada	5.1	6.2	21.6
New Mexico	6.6	7.4	12.1
Oregon	6.8	8.2	20.6
Utah	4.3	6.2	44.2
Washington	6.8	7.5	10.3
Wyoming	2.8	3.9	39.3

RESIDENT OREGON LABOR FORCE

	Feb. 1981 1/	Jan. 1981 2/	Change	% Change	Feb. 1980 5/
Civilian Labor Force 3/	1,269,400	1,264,000	+5,400	+0.4	1,249,900
Unemployment	137,600	126,200	+11,400	+9.0	98,300
Percent of Labor Force	10.8	10.0	xxx	xxx	7.9
Seasonally Adjusted Percent	9.6	8.4	xxx	xxx	6.8
Total Employment 4/	1,131,800	1,137,800	-6,000	-0.5	1,151,600

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Feb. 1981	Jan. 1981	Feb. 1980	Change From Jan. 1981	Change From Feb. 1980
TOTAL 1/	994,300 *	1,006,100	1,048,700 *	-11,800	-54,400
Wage & Salary Employment Index (Seasonally Adjusted)	131.4	133.0	138.7	xxx	xxx
Total Manufacturing	194,300 *	204,100	218,600 *	-9,800	-24,300
Durable Goods	143,500 *	152,900	166,000 *	-9,400	-22,500
Lumber & Wood Products	64,600	65,000	74,200	-400	-9,600
Logging & Sawmills	32,200	32,600	38,500	-400	-6,300
Veneer & Plywood	19,900	19,800	22,300	100	-2,400
Millwork & Structural Wood	7,500	7,800	6,900	-300	600
Mobile Homes	1,700	1,500	2,500	200	-800
Other Wood Products	3,300	3,300	4,000	0	-700
Furniture & Fixtures	2,500	2,500	2,700	0	-200
Stone, Clay, Glass, & Concrete	4,100	4,300	4,000	-200	100
Primary Metals	10,900	11,000	11,400	-100	-500
Blast Furnaces, Iron & Steel	6,400	6,400	6,600	0	-200
Nonferrous Metals	4,500	4,600	4,800	-100	-300
Fabricated Metals	11,700 *	12,100	13,400	-400	-1,700
Fabricated Structural Metals	4,700	4,800	5,200	-100	-500
Other Fabricated Metals	7,000 *	7,300	8,200	-300	-1,200
Machinery	16,800	17,700	18,200	-900	-1,400
Electrical Equipment & Supplies	9,500	9,600	9,300 *	-100	200
Transportation Equipment	9,600	9,500	11,400	100	-1,800
Instruments & Related Products	11,600	19,000	19,200	-7,400	-7,600
Miscellaneous Manufacturing	2,200	2,200	2,200	0	0
Nondurable Goods	50,800	51,200	52,600	-400	-1,800
Food & Kindred Products	20,700	20,700	21,000	0	-300
Canning & Preserving	10,600	10,600	11,300	0	-700
Other Food Products	10,100	10,100	9,700	0	400
Textile Mill Products	1,800	1,900	2,100	-100	-300
Apparel	3,000	3,000	3,300	0	-300
Paper & Allied Products	10,100	10,200	10,400	-100	-300
Printing & Publishing	9,700	9,800	10,100	-100	-400
Chemicals & Allied Products	2,200	2,200	2,300	0	-100
Petroleum Refining	700	700	600	0	100
Rubber & Plastic Products	2,300	2,400	2,500	-100	-200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Feb. 1981	Jan. 1981	Feb. 1980	Jan. 1981	Feb. 1980
(cont.)					
Total Nonmanufacturing	800,000 *	802,000	830,100 *	-2,000	-30,100
Mining & Quarrying	2,100	2,000	2,100	100	0
Construction	35,500 *	36,900	47,000	-1,400	-11,500
Transportation, Communications, & Utilities	59,200	59,300	60,200	-100	-1,000
Transportation	34,200	34,400	35,500	-200	-1,300
Railroad	7,300	7,300	7,400	0	-100
Trucking & Warehousing	16,600	16,700	17,600	-100	-1,000
Other Transportation	10,300	10,400	10,500	-100	-200
Communications	15,900	15,800	16,200	100	-300
Utilities	9,100	9,100	8,500	0	600
Trade	245,100	249,100	252,400 *	-4,000	-7,300
Wholesale Trade	66,300	66,800	67,100 *	-500	-800
Durable Goods	40,800	41,100	42,900	-300	-2,100
Nondurable Goods	25,500	25,700	24,200 *	-200	1,300
Retail Trade	178,800	182,300	185,300	-3,500	-6,500
General Merchandise	26,000	27,400	27,600	-1,400	-1,600
Food Stores	24,300	24,600	23,600	-300	700
Auto Dealers & Service Stations	22,700	23,100	24,100	-400	-1,400
Other Retail Trade	105,800	107,200	110,000	-1,400	-4,200
Finance, Insurance, & Real Estate	67,100	67,100	69,500	0	-2,400
Banking & Credit Agencies	25,100	25,000	24,800	100	300
Other Finance, Insurance, & Real Estate	42,000	42,100	44,700	-100	-2,700
Services	188,500	187,600	190,400	900	-1,900
Hotels & Personal Services	23,900	23,300	24,000	600	-100
Health Services	62,800	63,000	66,500	-200	-3,700
Other Services	101,800	101,300	104,900	500	-3,100
Government	202,500	200,000	208,500	2,500	-6,000
Federal Government	27,400	27,700	28,500	-300	-1,100
State Government	55,300	54,800	57,500	500	-2,200
Education	24,000	23,700	24,600	300	-600
Other State	31,300	31,100	32,900	200	-1,600
Local Government	119,800	117,500	122,500	2,300	-2,700
Education	75,100	73,200	77,800	1,900	-2,700
Other Local	44,700	44,300	44,700	400	0
Labor-Management Disputes	600	100	300	500	300

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

WHEN MORE MEANS LESS

Economic soothsayers generally agree that growth through the first quarter of 1981 will be sluggish at best. The figures to date support this prediction. At the national level, the Commerce Department reported that while January's personal income rose by 1%, personal spending climbed even faster. The statistics for Oregon reveal a similar picture. The 8.9% annual rise in January's Consumer Price Index marked the first single-digit increase for Portland in 2½ years. However, a shorter workweek and higher Social Security taxes sparked the $3.10 drop in spendable weekly earnings for the state's factory workers.

Average hourly earnings in the manufacturing sector edged up $0.05 over the month, chiefly due to activity in the nondurable goods industries. Cost-of-living increases at the first of the year contributed to the healthy increases noted at other food products, textile, and apparel establishments. Canneries and fish processors reported 1,500 fewer production workers in January and because most of those terminated were on the lower end of the pay scale, average hourly earnings were boosted $0.19. While the durable goods group held steady, some of its components showed marked changes. For example, the upswing in earnings at furniture plants was offset by the sharp reduction at mobile homes producers. Due to their heavy reliance on piece work and incentive pay, hourly rates in these industries tend to fluctuate widely.

With overtime at factories down sharply in January, manufacturers reported a 0.8 drop in average weekly hours since December. By contrast, the workweek makes a strong showing compared to

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Jan. 1981	3/ Dec. 1980	Jan. 1980	2/ Jan. 1981	3/ Dec. 1980	Jan. 1980	2/ Jan. 1981	3/ Dec. 1980	Jan. 1980
TOTAL MANUFACTURING 4/	$342.91	$348.29	$393.59	37.6	38.4	35.5	$9.12	$9.07	$8.27
SPENDABLE EARNINGS (1967 Dol.) 6/	109.50	112.60	107.54	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	348.18	355.58	297.02	37.6	38.4	35.7	9.26	9.26	8.32
Lumber & Wood Products	369.39	368.43	327.96	38.2	38.1	37.1	9.67	9.67	8.84
Logging & Sawmills	395.78	397.32	337.32	38.5	38.5	36.0	10.28	10.32	9.37
Plywood & Veneer	382 31	369.39	347.90	39.7	38.2	39.4	9.63	9.67	8.83
Millwork & Structural Wood	266.42	298.70	257.74	34.6	39.2	37.3	7.70	7.62	6.91
Mobile Homes	231.84	242.90	245.46	32.7	32.3	36.8	7.09	7.52	6.67
Other Wood Products	346.33	320.21	309.49	38.1	35.5	36.8	9.09	9.02	8.41
Furniture & Fixtures	217.00	199.66	170.48	32.1	31.1	28.7	6.76	6.42	5.94
Primary Metals	450.43	442.54	366.55	40.8	40.6	37.1	11.04	10.90	9.88
Fabricated Metals	320.52	331.78	255.18	37.4	38.4	32.8	8.57	8.64	7.78
Machinery	342.52	357.40	289.99	36.4	37.9	34.4	9.41	9.43	8.43
Nondurable Goods	323.63	324.40	279.68	37.5	38.3	34.7	8.63	8.47	8.06
Food & Kindred Prod	288.35	284.56	241.23	36.5	37.1	33.0	7.90	7.67	7.31
Canning & Preserving	233.92	230.03	192.78	34.4	34.8	31.5	6.80	6.61	6.12
Other Food Products	355.42	361.09	303.80	39.1	40.3	35.0	9.09	8.96	8.68
Textile Mill Products	168.08	174.60	152.52	32.7	36.0	31.0	5.14	4.85	4.92
Apparel	175.55	170.43	122.03	34.9	34.5	25.8	5.03	4.94	4.73
Paper & Allied Products	439.60	461.16	408.65	41.2	42.7	40.5	10.67	10.80	10.09
Printing & Publishing	345.80	342.74	306.72	36.4	36.5	35.5	9.50	9.39	8.64
Construction 4/	486.53	485.38	359.83	33.6	34.4	28.2	14.48	14.11	12.76
Communications & Utilities 5/	375.17	384.40	386.40	39.7	40.0	42.0	9.45	9.61	9.20
Trade 5/	252.40	249.88	225.08	34.2	34.9	33.1	7.38	7.16	6.80
Wholesale Trade	331.47	328.32	293.55	38.1	38.0	37.3	8.70	8.64	7.87
Retail Trade	210.58	209.12	188.18	32.1	33.3	30.8	6.56	6.28	6.11
Banking & Insurance Carriers	217.88	213.17	195.32	NA	NA	NA	NA	NA	NA
State & Local Government	269.06	264.10	247.40	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

January 1980. It should be noted, however, that last year's survey week coincided with the harsh ice storms that paralyzed much of the state.

In the nonmanufacturing sector, construction workers reported a $0.37 gain in average hourly earnings. The chief beneficiaries of this upturn were employed in building construction, plumbing and heating, and electrical work. With the winding down of the Christmas holiday season, more than 6,800 nonsupervisory employees were dropped from the trade work force. As most of these temporary hires earned proportionately lower wages, January's average hourly earnings increased $0.22 in this industry.

OREGON LABOR TURNOVER, FEBRUARY 1981

Accessions displayed continued improvement from December's low point. Edging up to 3.6 from December's 2.3 and January's 3.4, accessions in Oregon's manufacturing sector gave credence to the belief that the economy is slowly improving. Separations also continued its trend from December, that of a gradual decline. The separations rate slipped to 3.7 in February, a 0.3 lower showing than in January (December had a 4.1 rate). While seasonal adjustment moved both accessions and separations rates up, the -0.1 accessions-to-separations rate was maintained (4.0 accessions to 4.1 separations).

A year-ago, the accessions-to-separations balance was -0.4, both for raw and seasonally adjusted rates. All of this would suggest that this February was the harbinger of better times, while last February resembled the proverbial calm before the storm.

Tempering the enthusiasm concerning this February's figures was the low quit rate. Although the 1.0 rate was translated upwards to 1.4 by seasonal adjustment, this rate still represented a 40-50% drop from last February's quit rate. Worker confidence in the ability to find new and better jobs appears severely dampened, retarding the normal tendency towards a healthy amount of job movement.

Recalls edged upwards on a raw basis to 1.9. Layoffs remained stable at 2.2. New hires also remained constant at 1.6.

Nondurable goods had a narrower accessions-to-separations balance, but was responsible for the overall manufacturing sector's negative balance. The balance in nondurable goods dwindled to -1.0 (2.3 to 3.3) in February from January's -1.5.

Durable goods posted a positive accessions-to-separations balance in February, +0.2. This was the first such positive balance since last August. A year ago durable goods netted a -0.5 balance.

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Feb 81	2/ Jan 81	Feb 80	1/ Feb 81	2/ Jan 81	Feb 80	1/ Feb 81	2/ Jan 81	Feb 80	1/ Feb 81	2/ Jan 81	Feb 80	1/ Feb 81	2/ Jan 81	Feb 80	1/ Feb 81	2/ Jan 81	Feb 80
MANUFACTURING	3.6	3.4	3.8	1.6	1.6	2.4	1.9	1.7	1.3	3.7	4.0	4.2	1.0	1.1	1.8	2.2	2.2	1.7
Seasonally Adjusted	4.0	3.8	4.2	2.0	2.0	2.9	1.6	1.7	1.1	4.1	4.2	4.6	1.4	1.5	2.5	1.8	1.7	1.4
Durable Goods	4.0	3.7	3.9	1.7	1.5	2.3	2.1	2.0	1.4	3.8	3.9	4.4	1.0	1.0	1.7	2.3	2.3	2.0
Lumber & Wood Prod	3.7	4.0	3.3	1.3	1.3	1.5	2.2	2.4	1.7	3.8	4.6	4.9	0.8	0.9	1.4	2.3	2.8	3.0
Logging & Sawmills	3.8	5.1	3.6	0.7	1.1	1.6	2.8	3.8	1.7	4.2	3.6	4.9	0.7	0.8	1.2	2.8	1.8	3.0
Plywood & Veneer	2.8	2.3	2.0	0.7	1.0	0.9	1.8	1.2	1.0	2.6	5.5	5.5	0.6	0.8	0.9	1.6	4.1	4.3
Millwk & Struc Wood	6.6	3.3	3.2	5.6	2.5	1.4	1.1	0.4	1.7	5.7	7.8	4.7	2.3	1.8	2.8	2.6	5.0	1.1
Furniture & Fixtures	2.4	6.0	8.5	2.3	4.8	5.4	0.2	1.1	3.0	3.5	4.0	6.7	2.3	1.5	3.9	0.6	0.0	0.4
Primary Metals	1.3	2.1	1.9	0.9	1.5	1.3	0.3	0.6	0.6	1.8	1.5	1.5	0.7	0.7	0.8	0.7	0.3	0.3
Fabricated Metals	7.7	9.5	8.0	2.6	3.0	4.7	5.1	6.5	3.2	6.4	6.0	5.7	0.8	1.4	2.9	4.9	4.0	1.9
Machinery	2.2	2.7	3.2	1.7	1.6	2.8	0.5	1.1	0.4	1.7	3.3	3.1	0.9	0.7	1.6	0.2	2.0	0.8
Elec Equip & Sup	2.1	2.7	5.1	1.5	1.9	4.4	0.6	0.7	0.6	3.5	4.6	5.5	1.4	1.9	3.3	1.3	1.6	0.9
Instrumts & Rel Prod	1.9	0.7	2.8	1.6	0.5	2.5	*	*	*	1.7	1.1	2.1	1.4	0.6	1.7	0.1	0.4	*
Nondurable Goods	2.3	2.5	3.6	1.3	1.7	2.8	0.9	0.6	0.7	3.3	4.0	3.5	0.9	1.4	1.9	1.8	1.8	0.9
Food & Kind Prod 3/	1.9	1.7	2.7	1.0	1.3	1.1	0.8	0.3	1.6	5.7	4.8	2.8	0.7	1.0	1.2	4.7	3.2	1.3
Textile Mill Prod	2.5	3.0	3.6	1.7	2.3	3.0	0.3	0.4	0.3	3.0	4.2	3.9	2.2	2.6	2.6	0.2	0.8	0.6
Apparel	6.4	6.1	9.3	4.4	5.0	8.4	2.0	0.4	0.5	5.4	10.2	7.4	2.8	4.7	5.2	1.3	4.0	0.3
Paper & Allied Prod	1.0	1.5	1.1	0.3	0.8	0.8	0.7	0.6	0.2	1.2	2.6	1.3	0.3	0.7	0.4	0.7	1.1	0.5
Printing & Publish	2.5	2.7	3.5	1.6	1.7	3.2	0.7	0.8	0.2	2.1	2.7	3.8	0.9	1.3	2.3	0.4	0.8	0.7

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

A drop in layoffs within the lumber and wood products industry helped reduce the -0.6 accessions-to-separations balance of January to -0.1 in February. Layoffs plummeted to 2.3, a drop of 0.5 from February.

Highlights in the state's turnover rates included: A ghastly slide in furniture and fixtures' accession rate (matched by only a modest drop in separations) to 2.4. Another month of volatility for fabricated metals, with accessions dropping to 7.7 (while separations rose to 6.4). Food and kindred products exhibited the state's worst accessions-to-separations balance, although this was partially seasonal. The -3.8 balance fuelled the -1.0 accessions-to-separations balance in the nondurable goods sector alluded to above. It was a good month for the apparel industry as separations nosedived to 5.4 (from 10.2 in January) and accessions rose to 6.4 (from 6.1).

February, like January, was better than its year-ago predecessor. There definitely appears to be reason to hope that the economy is slowly rebuilding.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		One relatively healthy component of the otherwise ailing lumber industry in Oregon appears to be remanufacturing. Over the past decade, according to Western Wood Products Association figures, an increasing percentage of Western sawmill output has remained in the West for processing, and particularly in Oregon where a 2% increase in West-to-West lumber shipments was recorded for 1980 alone. In terms of total shipments nationwide, however, the position of the West has declined slightly relative to other regions. In 1968, 63.7% of all softwood shipped originated from Western mills. In 1979, the share was 61.2%.
Medford	Jackson	The initial steps in the construction of the new Rogue Valley Mall have been completed. Developers and city officials recently met to finalize the requirements needed before the city can issue grading and building permits. Work is expected to begin in late spring or early summer. Current plans for the 50-acre site include four major department stores and up to 130 other retail shops. Total construction cost has been estimated at nearly $40 million with the scheduled opening planned for some time between April and August of 1983. The regional shopping center will be located on the west side of Bear Creek near the north Medford freeway interchange.
Gardiner	Douglas	The International Paper Company closed its facilities in Gardiner, laying off approximately 350 workers in the plywood, sawmill, and forest operations effective March 9, 1981. The closure, announced as being due to poor market conditions created by high interest rates, is expected to last about 30 days or until market conditions improve. Meanwhile, plant maintenance and road building crews are not expected to be affected by the layoff. Construction work on expansion of the sawmill will also continued.
Lake Oswego		Lake Oswego's water capital improvement program has taken another step forward with an award to a Sisters, Oregon firm for the construction of three reservoirs. When completed these three reservoirs will increase the city's water storage capacity by four million gallons. The recent award was a part of the overall $6.29 million program. Currently under construction are two other reservoirs that will add another 4.2 million gallons of storage capacity. The three new reservoirs will be located in the Touchstone, Knaus Road, and Forest Highlands areas.
Statewide		Above average rainfall at most measuring stations in Oregon has slightly improved the forecast for water supplies during the rest of the year. According to the Water Resources Department, most reservoirs in the state have filled to normal March 1 levels and now contain 99% of the average year's storage. While this is good news to those with access to stored water, the department has cautioned users in areas without such access that potential water shortages may emerge later this summer. The primary reason is that the mountain snowpack continues to be at or near 1977's record low levels with many areas only having significant measurable snow at the highest elevations. The snowpack in the bulk of the state ranges from 50% of normal on the John Day to 2% of the norm on the Umpqua and Illinois rivers. The only exception is a narrow area running east from Lakeview to Baker and through the Wallowa Mountains where the snowpack is 60% to 70% of the average. As a result of the low snow levels, it is expected that summer streamflow will be well below average throughout the state.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section
April 1981

MARCH TRENDS

Wage & Salary Index.....132.1 up from 131.5 in Feb.
Unemployment Rate.....10.0% down from 10.6% in Feb.
Seasonally Adjusted Rate......................9.3%
U.S. Seasonally Adjusted Rate..................7.3%

THIS MARCH THE FLOWERS DIDN'T BLOOM

Oregon's economy remained on a low plateau in March after finishing 1980 on a dismal note. Historically, the new year would begin on a low note with employment levels building with each successive month. As March approached, the economy would have begun to bloom as winter storms turned into spring showers. The 1981 March statistics, however, do not reveal this blooming effect.

Oregon's wage and salary employment index stood at 132.1 in March, a gain over the February figure, but below January's 133.0. Remember, February statistics are a bit deceiving due to a large electronics industry layoff during the survey week. Therefore, the trend exhibited between January and March tells a more representative story.

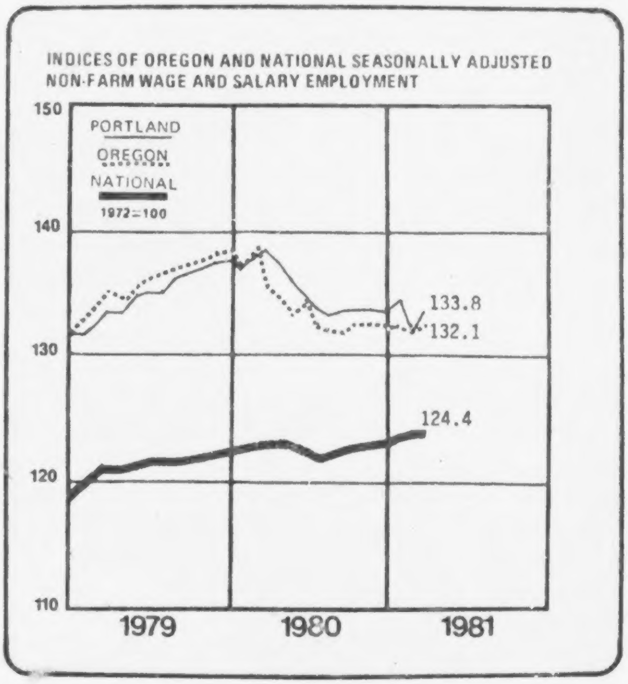
Oregon's March unemployment rate followed the same trend. January began the year with an 8.4% rate (seasonally adjusted), February rose to 9.4%, followed by March with 9.3%. This strengthens the idea that Oregon's economy is not experiencing the "normal" seasonal growth of previous years.

The nation's economy also remains on a similar plateau. Nationwide, the March seasonally adjusted unemployment rate stayed at February's level of 7.3%. The wage and salary index levels also remained constant in March matching February's 124.4.

Another U.S. economic indicator also gave a gloomy picture. Retail sales registered an insignificant seasonally adjusted gain in March, rising to $86.94 billion from February's $86.85 level. This small rise was the tenth consecutive monthly increase in sales, but it was the smallest gain since May 1980. High interest rates are blamed for this weak increase. Further, if auto sales which were strengthened by the recent rebate programs had not been included in the sales figure, no gain would have occurred. Concerns now are that auto rebates during March only kept sales at an artificial level further eroding the spending capabilities of consumers at a future time. Because of this event, business activity is expected to slow during the coming months nationwide. However, Oregon's business activity hopefully will continue its building process.

Oregon's labor force continued its growth pace in March reaching 1,286,600. Within these confines, employment reached 1,157,700 and unemployment declined to 128,900 after February's record high 134,400.

Wage and salary employment also rose past the one million mark again after its brief hiatus in February. March's wage and salary employment level set another record. Since records were kept, this is the first time March's nonagricultural payroll employment was below January's level.



INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT

Manufacturing

Almost all sectors remain below levels of one year ago. Overall, manufacturing employment stood at 202,100, a decline of 16,200 from March 1980.

Lumber and wood products employment remains depressed. Still 8,200 below one year ago, the difference should decrease in the coming months. Comparing this recession with that during 1974-1975, it appears that this period's upturn is flatter due to high interest rates and inflation both eroding the consumer's buying power. If this trend continues, 1981 may not be the year of much recovery as both interest rates and inflation are expected to remain relatively high. The long, cold winter may turn into the long, hot summer for many lumber and wood products workers.

The rest of durable goods experienced an over-the-month gain of 8,700, mostly due to a recall of electronics workers. However, employment remains down slightly when compared with January on a seasonally adjusted basis. On a positive note, transportaton equipment gained 500 over the month, with the addition of 1,000 shipyard workers. Apparently the ship that came in, like Oregon's economy, needed repair.

Food products employment continued to slide, reaching 19,700. A similar decline occurred after seasonal adjustment (-1,200). Blame for the drop rests in the canning and preserving sector which reported low orders and reduced onion processing coupled with a downturn in sugar beet processing.

Nonmanufacturing

Employment remains subpar in nonmanufacturing although slight gains did occur over the month. As with manufacturing, this sector experienced far more industries with below year-ago employment levels than above.

Construction continued a pattern of low employment. Over the month, gains did occur as over 400 roofers returned to work after a labor-management dispute during February. This gain wasn't enough, however, to keep the seasonally adjusted level from declining further (-200).

Gains were cited in the heavy construction and special trades sectors, but the general building work force continued to drop. The following are the annual changes within the construction industry:

	Over the Year	
	Number	Percent
General Building-Nonresidential	-1,300	-22.5%
General Building-Residential	-1,700	-24.8
Heavy Construction	-1,900	-24.6
Special Trades	-4,900	-18.6

As with the lumber and wood products sector, both high inflation and interest rates continue to devastate this industry. If the 1974-1975 recessionary is any indication, expect a long, gentle recovery in construction.

Elsewhere in nonmanufacturing (after seasonal adjustment), only the finance, insurance, and real estate sector experienced an increase. All other industries stayed even or declined over the month.

Within finance, insurance, and real estate, a gain of 600 resulted mainly from an influx of real estate personnel gearing up for the spring and summer buying season--a time when real estate transactions usually peak.

Also noteworthy was the gain in other state government as personnel were added to cope with the tax return barrage. However, this gain was offset in other government sectors beset by budget constraints.

A clue to Oregon's future may lie with past experience. During the 1974-1975 recession, many sectors of Oregon's economy either ceased to grow or, if they did lose employment, the rebound was fairly swift. Comparing seasonally adjusted employment then and now brings some interesting conclusions. Employment appears to be hit substantially harder this time. More sectors are experiencing deeper declines with a longer period of time at the ebb (assuming the ebb is past). After adding to this the fairly safe assumption that interest rates and inflation will stay at rather high levels, it appears as if the economy recovery may be slow in blooming.

NEW EXTENDED BENEFITS LAW

Under the Oregon Employment Division's Unemployment Insurance system, an unemployed person meeting specific criteria may receive up to $138.00 per week for a maximum of 26 weeks while seeking employment. However, during bad economic times, additional benefit programs are instituted to help those people unable to find suitable employment during the initial 26 weeks. The following is a synopsis of the new Extended Benefit and Supplemental programs currently in effect.

The new extended benefit (EB) law which went into effect in April 1981 will strengthen the Unemployment Insurance Trust Fund by over four million dollars this next biennium.

The new law disqualifies some claimants who were receiving benefits and makes it harder to qualify for benefits.

The major provisions are:

--Claimants do not qualify for EB if they were denied on their regular or EB claim for a separation unless they worked after the denial.

--Claimants will receive no more than two weeks of EB if they move from Oregon to a state that is not on EB.

--If they are denied benefits for not seeking work they must have four weeks of work to requalify for benefits.

--If their prospects for work are not good they must accept any job they are capable of performing as long as it pays more than the larger of either weekly benefit amount or the federal minimum wage. If they refuse the job, they will be denied benefits if the job was listed with the Employment Division and offered to them in writing by the employer. To requalify they must have four weeks of work.

These same stringent requirements also apply to the new Oregon Supplemental Unemployment Program. This program provides another 13 weeks of payments to those claimants who exhaust their regular (26 week) and extended (13 week) benefits after January 1, 1981. They must apply for benefits before June 28, 1981 and have until October 3, 1981 to draw the 13 weeks. They are only eligible for this program if they exhausted EB, not if they were ineligible for EB.

PROJECTIONS OF PERSONAL INCOME TO THE YEAR 2000

Personal income, measured in 1972 dollars, will increase most rapidly in the next 20 years in the Rocky Mountain, Southwest, Southeast, and Far West regions of the United States, according to the Commerce Department's Bureau of Economic Analysis (BEA).

The personal income growth projected for these regions reflects the continuation of the tendency for manufacturing and related private service-type industries to disperse south and west to take advantage of relatively low wage rates, taxes, energy costs, and land costs, and the relatively mild climate.

Far West

From 1978 to 2000, personal income (measured in 1972 dollars) in the Far West is projected to increase 3.5% per year, 0.2 percentage point more than in the nation; this is the fourth largest growth rate among the eight BEA regions. The projected growth rate exceeds the national growth rate in each Far West state. Projected growth rates range from 5.3% in Nevada (ranking first among all states) to 3.3% in California (ranking 32nd). In 2000, the region's per capita personal income is projected to be 6% above the national average; per capita income will continue to be above the national average in each Far West state except Oregon, where it will equal the average.

The region's projected rapid growth in personal income reflects rapid growth in earnings in most major industries. In durables manufacturing, earnings will grow rapidly in nonelectrical machinery and fabricated metals in California and Oregon and in industries producing technologically advanced types of electronic equipment in California. In contrast, the region will grow slowly in aircraft and lumber, both of which account for relatively large shares of durables manufacturing earnings. In services, rapid growth reflects continuing strong demand by technologically advanced industries for business and professional services, such as consulting and research and development. Rapid growth in services also reflects continuing strength in the tourist-related hotel and amusement and recreation industries, particularly in Nevada.

PER CAPITA PERSONAL INCOME, SELECTED YEARS, 1969-2000

	1972 Dollar				Percent of U.S. Average			Average Annual Growth Rate	
	1969	1978	1990	2000	1969	1978	2000	1969-1978	1978-2000
United States	4,144	5,227	7,294	8,993	100	100	100	2.6%	2.5%
Far West	4,640	5,873	7,865	9,524	112	112	106	2.7	2.2
California	4,748	5,944	7,936	9,587	115	114	107	2.5	2.2
Nevada	4,805	6,252	8,145	9,621	116	120	107	3.0	2.0
Oregon	3,929	5,384	7,299	9,037	95	103	100	3.6	2.4
Washington	4,415	5,702	7,787	9,498	107	109	106	2.9	2.3

TOTAL PERSONAL INCOME, SELECTED YEARS, 1969-2000

	Millions of 1972 Dollars				Average Annual Growth Rate		Rank in U.S. of Average Annual Growth Rate
	1969	1978	1990	2000	1969-1978	1978-2000	1978-2000
United States	834,162	1,139,744	1,772,173	2,336,905	3.5%	3.3%	--
Far West	118,757	171,341	272,652	365,512	4.2	3.5	--
California	93,591	132,519	206,030	272,683	3.9	3.3	32
Nevada	2,306	4,148	8,321	12,968	6.7	5.3	1
Oregon	8,101	13,157	22,862	33,002	5.5	4.3	8
Washington	14,759	21,517	35,439	46,859	4.3	3.6	24

RESIDENT OREGON LABOR FORCE

	1/ Mar. 1981	2/ Feb. 1981	Change	% Change	5/ Mar. 1980
Civilian Labor Force 3/	1,286,600	1,266,700	+19,900	+1.6	1,268,600
Unemployment	128,900	134,400	- 5,500	-4.1	99,700
Percent of Labor Force	10.0	10.6	xxx	xxx	7.9
Seasonally Adjusted Percent	9.3	9.4	xxx	xxx	7.2
Total Employment 4/	1,157,700	1,132,300	+25,400	+2.2	1,168,900

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Mar. 1981	Feb. 1981	Mar. 1980	Change From Feb. 1981	 Mar. 1980
TOTAL 1/	1,005,700 *	994,800 *	1,055,100 *	10,900	-49,400
Wage & Salary Employment Index (Seasonally Adjusted)	132.1	131.5	138.7	xxx	xxx
Total Manufacturing	202,100 *	194,600 *	218,300	7,500	-16,200
Durable Goods	152,000 *	143,700 *	165,700	8,300	-13,700
Lumber & Wood Products	64,200	64,600	72,400	- 400	- 8,200
Logging & Sawmills	32,000	32,200	37,400	- 200	- 5,400
Veneer & Plywood	19,700	19,900	21,700	- 200	- 2,000
Millwork & Structural Wood	7,400	7,400	6,900	0	500
Mobile Homes	1,800	1,800	2,400	0	- 600
Other Wood Products	3,300	3,300	4,000	0	- 700
Furniture & Fixtures	2,600	2,600	2,800	0	- 200
Stone, Clay, Glass, & Concrete	4,300	4,100	4,000	200	300
Primary Metals	10,800	10,900	11,600	- 100	- 800
Blast Furnaces, Iron & Steel	6,300	6,400	6,700	- 100	- 400
Nonferrous Metals	4,500	4,500	4,900	0	- 400
Fabricated Metals	11,500 *	11,700 *	13,300	- 200	- 1,800
Fabricated Structural Metals	4,600	4,700	5,300	- 100	- 700
Other Fabricated Metals	6,900 *	7,000 *	8,000	- 100	- 1,100
Machinery	17,900	16,800	18,300	1,100	- 400
Electrical Equipment & Supplies	9,500	9,600	9,800	- 100	- 300
Transportation Equipment	10,100	9,600	11,900	500	- 1,800
Instruments & Related Products	18,900	11,600	19,400	7,300	- 500
Miscellaneous Manufacturing	2,200	2,200	2,200	0	0
Nondurable Goods	50,100	50,900	52,600	- 800	- 2,500
Food & Kindred Products	19,700	20,700	20,800	- 1,000	- 1,100
Canning & Preserving	9,900	10,600	11,100	- 700	- 1,200
Other Food Products	9,800	10,100	9,700	- 300	100
Textile Mill Products	1,800	1,800	2,100	0	- 300
Apparel	3,000	3,000	3,300	0	- 300
Paper & Allied Products	10,200	10,100	10,400	100	- 200
Printing & Publishing	9,800	9,700	10,200	100	- 400
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	700	700	600	0	100
Rubber & Plastic Products	2,400	2,400	2,600	0	- 200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Mar. 1981	Feb. 1981	Mar. 1980	Change From	
				Feb. 1981	Mar. 1980
(cont.)					
Total Nonmanufacturing	803,600 *	800,200 *	836,800 *	3,400	-33,200
Mining & Quarrying	2,100	2,000	2,200	100	- 100
Construction	36,900	35,700 *	46,700	1,200	- 9,800
Transportation, Communications, & Utilities	59,100	59,100	60,100	0	- 1,000
Transportation	34,200	34,200	35,300	0	- 1,100
Railroad	7,300	7,300	7,400	0	- 100
Trucking & Warehousing	16,700	16,600	17,300	100	- 600
Other Transportation	10,200	10,300	10,600	- 100	- 400
Communications	15,800	15,800	16,300	0	- 500
Utilities	9,100	9,100	8,500	0	600
Trade	246,000	245,200	255,200 *	800	- 9,200
Wholesale Trade	65,900	66,600	67,000 *	- 700	- 1,100
Durable Goods	40,600	40,900	42,900	- 300	- 2,300
Nondurable Goods	25,300	25,700	24,100 *	- 400	1,200
Retail Trade	180,100	178,600	188,200	1,500	- 8,100
General Merchandise	25,800	26,200	28,000	- 400	- 2,200
Food Stores	24,500	24,300	24,100	200	400
Auto Dealers & Service Stations	22,800	22,700	24,300	100	- 1,500
Other Retail Trade	107,000	105,400	111,800	1,600	- 4,800
Finance, Insurance, & Real Estate	67,700	67,100	69,700	600	- 2,000
Banking & Credit Agencies	25,300	25,100	24,700	200	600
Other Finance, Insurance, & Real Estate	42,400	42,000	45,000	400	- 2,600
Services	188,800	188,100	192,400	700	- 3,600
Hotels & Personal Services	23,900	23,700	24,500	200	- 600
Health Services	63,400	63,000	61,500	400	1,900
Other Services	101,500	101,400	106,400	100	- 4,900
Government	203,000 *	203,000	210,500	0	- 7,500
Federal Government	27,600	27,400	29,000	200	- 1,400
State Government	55,800	55,400	58,600	400	- 2,800
Education	24,100	24,100	24,800	0	- 700
Other State	31,700	31,300	33,800	400	- 2,100
Local Government	119,600 *	120,200	122,900	- 600	- 3,300
Education	74,800 *	75,500	77,700	- 700	- 2,900
Other Local	44,800	44,700	45,200	100	- 400
Labor-Management Disputes	500	600	200	- 100	300

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

1979 PER CAPITA INCOME

Tabulations of per capita personal income in 1979 for SMSAs and counties in Oregon have been released by the U.S. Department of Commerce, Bureau of Economic Analysis. Per capita income in Oregon rose to $8,887 in 1979, a gain of 10% over the previous year. Continuing a trend that started in 1976, the statewide per capita income total remained slightly above that of the U.S. as a whole. During the entire decade of the 1970s, Oregon's per capita income increased by 142% compared to a gain of only 125% nationwide.

The Portland metropolitan area's per capita income exceeded $10,000 for the first time during 1979, reaching a level of $10,067. Of the counties, Multnomah had the highest per capita income, $10,962, while Wheeler at $6,452 was lowest. A listing of the 1979 per capita incomes for all SMSAs and counties can be found in the following table. A complete listing of per capita incomes from 1971 through 1979 can be obtained from the Research and Statistics Section of the Employment Division, 875 Union Street NE, Salem (378-8657/6).

	1979	Rank
UNITED STATES	$8,757	
OREGON	8,887	
EUGENE SMSA	8,116	
PORTLAND SMSA	10,067	
SALEM SMSA	8,461	
COUNTIES		
Baker	$7,201	31
Benton	7,090	33
Clackamas	9,063	5
Clatsop	8,331	14
Columbia	8,582	10
Coos	8,042	17
Crook	8,041	18
Curry	7,605	23.5
Deschutes	8,402	11
Douglas	7,635	21
Gilliam	7,529	28
Grant	7,687	20
Harney	8,372	13
Hood River	8,846	6
Jackson	7,613	22
Jefferson	7,099	32
Josephine	6,860	34
Klamath	7,597	25
Lake	7,605	23.5
Lane	8,116	16
Lincoln	8,165	15
Linn	7,554	27
Malheur	6,628	35
Marion	8,760	7
Morrow	10,953	2
Multnomah	10,962	1
Polk	7,203	30
Sherman	8,735	8
Tillamook	8,708	9
Umatilla	7,806	19
Union	7,250	29
Wallowa	7,579	26
Wasco	9,369	4
Washington	10,108	3
Wheeler	6,452	36
Yamhill	8,392	12

OREGON LABOR TURNOVER

MARCH 1981

As befits the spring weather, this March's labor turnover figures displayed a cheerful outlook, especially when compared with the gloomy showing of March 1980. The raw figures show a favorable accessions-to-separations balance of 0.3 (4.1 to 3.8). This balance was certainly encouraging when you consider last March's horrid mark of -0.7.

Seasonal adjustment did turn the balance around to -0.1 (3.8 to 3.9). This hardly squelches the positive note of the first favorable accessions-to-separations balance in the raw figures since August.

The 4.1 accessions rate in Oregon's manufacturing sector was built largely on a hefty 0.5 gain in new hires from February. The 2.1 new hire rate was still below the March 1980 rate of 2.5, but was the highest rate since October.

Throughout the manufacturing sector quits remained very low, helping to keep the overall separation rate down. The 0.9 rate in March was just over half the mark posted last March (1.6). Worker confidence will continue to lag behind the economic recovery.

Durable goods had a 4.3 to 4.2 slate in accessions to separations. An increase in accessions in the lumber and wood products and fabricated metals industries generated the gains made in the durable goods accession rate. Separations nudged upward in March, too, but were considerably below the 6.1 showing of March 1980.

Nondurable goods posted an impressive record in March. Separations slid to 2.4 (from 3.4 in February) while accessions moved upward to 3.2 (2.6 in February). Food and kindred products lent the impetus for the excellent showing.

Quits remained high in textile mill products and apparel. The quit rate in those industries helped give them the two highest separation rates in the nondurable goods sector (3.9 and 3.6 respectively). Apparel's 3.6 figure (unrevised) would be the lowest separation rate since the December 1959 rate.

Numerous recalls and extensive increases in new hires made fabricated metals the most volatile industry in the manufacturing sector. The 15.1 accession rate easily dwarfed any other accession rate during March (logging and sawmills 5.0 accession rate was the next highest).

On the separations side of the ledge, logging and sawmills, millwork and structural wood products, furniture and fixtures, and fabricated metals all posted separation rates over 5.0 (logging and sawmills owning the highest rate, 5.6).

This March was a vast improvement over the previous edition of course, it would have been difficult not to improve on March 1980.

HOURS AND EARNINGS

The production worker hourly earnings average accelerated to $9.18 in February 1981, a 6 cent boost from January's $9.12 and 93 cents (11.3%) higher than the $8.25 shown a year earlier. Over-the-month gains were apparent in both the durable and nondurable goods sectors. A brief layoff of some workers in the durable goods portion allowed hourly earnings to climb in that sector, while overtime gains in the paper producing and printing components boosted nondurable goods. Average hourly earnings also showed a distinct gain in the construction industry due largely to a reduction in the production work force. The workers who remained tend to be the longer-employed, higher-paid workers. In wholesale and retail trade (excluding eating-drinking places) hourly earnings moved up in conjunction with expected layoffs of seasonal employees.

The workweek average, an economic indicator sensitive to shifts in the business cycle, stood at 37.7 in February, nearly unchanged from the prior month's report. Comparison to the figure from last year, however, is most revealing. At 38.7 the February 1980 data reflects an economy still largely unscathed by the latest recession. It also mirrors a month of "catch up" work following reoccurrence of a January ice storm.

A glance at the February 1981 industry detail reveals a particularly noticeable reduction in hours in lumber and wood products, the first major component of the manufacturing sector to bow to the declining economic conditions. Machinery hours were unusually low in February, the result of a temporary shutdown in the calculator-computer manufacturing segment.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Feb. 1981	3/ Jan. 1981	Feb. 1980	2/ Feb. 1981	3/ Jan. 1981	Feb. 1980	2/ Feb. 1981	3/ Jan. 1981	Feb. 1980
TOTAL MANUFACTURING 4/	$346.09	$342.00	$319.28	37.7	37.5	38.7	$9.18	$9.12	$8.25
SPENDABLE EARNINGS (1967 Dol.) 6/	109.27	109.27	113.51	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	351.74	347.63	326.88	37.7	37.5	39.1	9.33	9.27	8.36
Lumber & Wood Products	366.14	367.46	346.04	38.1	38.0	39.1	9.61	9.67	8.85
Logging & Sawmills	388.48	394.75	368.09	37.9	38.4	39.2	10.25	10.28	9.39
Plywood & Veneer	373.01	377.50	350.88	39.1	39.2	40.1	9.54	9.63	8.75
Millwork & Structural Wood	286.14	263.08	265.94	37.7	34.3	38.1	7.59	7.67	6.98
Mobile Homes	248.91	231.73	234.18	33.5	32.5	34.9	7.43	7.13	6.71
Other Wood Products	345.27	346.33	314.77	37.9	38.1	38.2	9.11	9.09	8.24
Furniture & Fixtures	216.68	217.00	202.74	32.1	32.1	32.7	6.75	6.76	6.20
Primary Metals	441.69	448.80	390.98	40.3	40.8	40.6	10.96	11.00	9.63
Fabricated Metals	320.66	319.55	288.64	37.2	37.2	37.1	8.62	8.59	7.78
Machinery	347.23	341.58	336.41	36.9	36.3	39.3	9.41	9.41	8.56
Nondurable Goods	324.63	323.51	292.84	37.4	37.4	37.4	8.68	8.65	7.83
Food & Kindred Prod	283.02	287.13	255.95	36.1	36.3	36.1	7.84	7.91	7.09
Canning & Preserving	236.22	234.95	206.12	35.1	34.4	34.7	6.73	6.83	5.94
Other Food Products	339.26	352.17	325.37	37.2	38.7	38.1	9.12	9.10	8.54
Textile Mill Products	178.02	168.08	175.57	34.5	32.7	36.5	5.16	5.14	4.81
Apparel	172.16	175.20	157.25	34.5	34.9	33.6	4.99	5.02	4.68
Paper & Allied Products	445.88	440.02	410.02	41.4	41.2	41.5	10.77	10.68	9.88
Printing & Publishing	345.22	344.88	310.10	35.7	36.0	36.1	9.67	9.58	8.59
Construction 4/	479.49	487.97	437.34	33.0	34.1	34.6	14.53	14.31	12.64
Communications & Utilities 5/	382.40	376.91	345.20	40.0	39.8	40.0	9.56	9.47	8.63
Trade 5/	258.69	250.46	236.32	34.4	33.8	34.2	7.52	7.41	6.91
Wholesale Trade	342.52	335.66	302.48	38.1	38.1	38.0	8.99	8.81	7.96
Retail Trade	213.52	205.38	200.61	32.4	31.5	32.2	6.59	6.52	6.23
Banking & Insurance Carriers	217.82	215.88	196.21	NA	NA	NA	NA	NA	NA
State & Local Government	262.79	267.41	244.12	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

FINAL CENSUS POPULATION COUNTS

The Census Bureau has called the 1980 Census "the most accurate count ever."

Oregon's final population count as of April 1, 1980 was 2,632,663. This represents an increase of 541,130, or 25.9%, from the 2,091,533 inhabitants enumerated in the 1970 Census.

The national breakdown shows a shift in population from the northeast to the south and west, with three states--California, Florida, and Texas--accounting for 40% of the population gain. Nevada was ranked as the fastest growing state, with a 64% leap in population in ten years.

With one exception, Oregon's fastest growing counties were outside the metropolitan areas. Deschutes County with its 104% increase in 10 years far outdistanced Morrow's 68%, Josephine's 65%, and Washington County's 55%. Wheeler, Oregon's smallest county, dropped 18%, from 1,849 to 1,513. The state's largest county is still Multnomah with 562,640 persons.

POPULATION BY COUNTY 1970-1980

	1980	1970	Percent Change
Oregon	2,632,663	2,091,533	+ 25.9%
Baker	16,134	14,919	8.1
Benton	68,211	53,776	26.8
Clackamas	241,919	166,088	45.7
Clatsop	32,489	28,473	14.1
Columbia	35,646	28,790	23.8
Coos	64,047	56,515	13.3
Crook	13,091	9,985	31.1
Curry	16,992	13,006	30.6
Deschutes	62,142	30,442	104.1
Douglas	93,748	71,743	30.7
Gilliam	2,057	2,342	- 12.2
Grant	8,210	6,996	17.4
Harney	8,314	7,215	15.2
Hood River	15,835	13,187	20.1
Jackson	132,456	94,533	40.1
Jefferson	11,599	8,548	35.7
Josephine	58,820	35,746	64.5
Klamath	59,117	50,021	18.2
Lake	7,532	6,343	18.7
Lane	275,226	215,401	27.8
Lincoln	35,264	25,755	36.9
Linn	89,495	71,914	24.4
Malheur	26,896	23,169	16.1
Marion	204,692	151,309	35.3
Morrow	7,519	4,465	68.4
Multnomah	562,640	554,668	1.4
Polk	45,203	35,349	27.9
Sherman	2,172	2,139	1.5
Tillamook	21,164	18,034	17.4
Umatilla	58,861	44,923	31.0
Union	23,921	19,377	23.5
Wallowa	7,273	6,247	16.4
Wasco	21,732	20,133	7.9
Washington	245,401	157,920	55.4
Wheeler	1,513	1,849	- 18.2
Yamhill	55,332	40,213	37.6

NOTE: These final 1980 figures are still subject to change pending the outcome of various lawsuits dealing with the census counts.

Although growth in Oregon's minority population was expected, its magnitude was far greater than anticipated. In fact, the increases noted in the accompanying table are probably due as much to census procedures as to actual increases in population. There are three major reasons accounting for these extra strong minority increases:

1. The 1980 Census has been extremely successful in its minority coverage. Efforts to correct 1970's undercounts have produced increased minority representation.
2. Counts by race reflect the respondents' self-classification according to the race with which they identify themselves. Pride in one's heritage, advancement through affirmative action, and other changing social views and practices have encouraged more and more people to identify with their parentage.
3. Growth due to immigration is still significant. Indochinese refugees alone account for 10.5 thousand of the increase up to 1980; immigration from Mexico continues at high levels.

OREGON PERSONS BY RACE 1970-1980
(1980 - Preliminary)

	1970		1980	
	Number	Pct.	Number	Pct.
Total	2,091,385	100.0%	2,632,663	100.0%
White	2,032,070	97.2	2,490,192	94.6
Black	26,308	1.3	37,059	1.4
American Indian	13,510	0.6	27,309	1.0
Pacific Islander-Asian	15,037	0.7	34,767	1.3
Other	4,451	0.2	43,336	1.6
Spanish Origin*	34,577	1.7	65,833	2.5

* "Spanish origin" is not a race but an ethnic classification. Most persons in this classification are also identified as "white" or "other".

NOTE: Census counts of the 1980 population by race as well as Spanish origin are provisional. Final counts will be determined after further data have been processed.

Further county and sub-county racial counts are available through your local labor economists or through the:

Oregon State Data Center
State Library Building
Room 306
Salem, OR 97310

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56615-2 UA
6/9/81

OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

May 1981

...APRIL TRENDS...

Wage & Salary Index...131.7 down from 132.6 in Mar.
Unemployment Rate......9.6% down from 10.0% in Mar.
Seasonally Adjusted Rate........................9.2%
U.S. Seasonally Adjusted Rate..................7.3%

NOT WITH A BANG, BUT A WHIMPER

While stability is often considered a virtue in an economy, the stability exhibited by Oregon's economy in April employment figures is of dubious value. Perhaps the most telling indicator of the debilitated economy of the state was the nonfarm employment index, which fell by nine-tenths of a point to reach its lowest level since October 1978. Unemployment, on the other hand, held firm over the month with a gloomy 9.2% (seasonally adjusted rate).

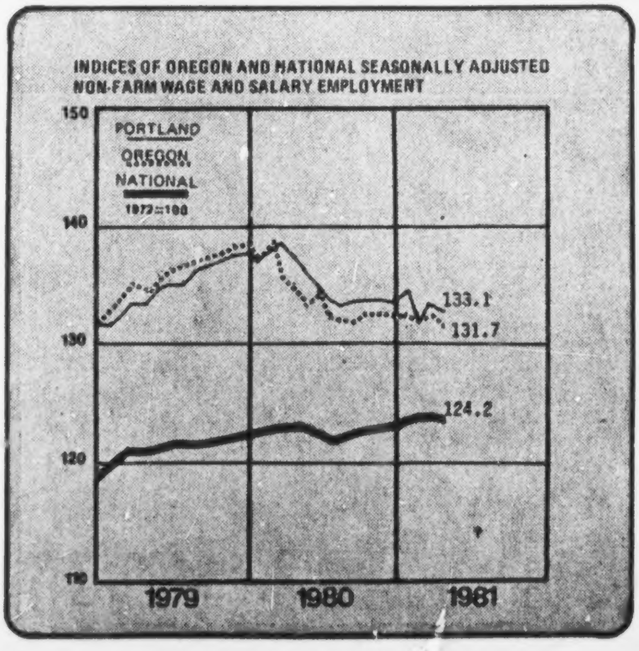
Manufacturing

In April 1980 the recession burst onto the Oregon economic scene like a bull in a china shop. Manufacturing employment plummeted by 8,700 over the month, while the seasonally adjusted unemployment rate shot upward by one full percentage point. By comparison, April 1981 seemed relatively calm. Its quiet behavior belied the sorry state of Oregon's economy. Seasonally adjusted unemployment held steady over the month at 9.2%--hardly an indication of improvement. During the winter months, a time when employment usually contracts, employment posted seasonally adjusted increases due to smaller-than-normal contractions in the already reduced work force. The reverse is now occurring; small gains at a time of normal seasonal expansion are resulting in seasonally adjusted losses. The product of this is a seasonally adjusted unemployment rate for April higher than any single month of 1980.

The inability of Oregon's economy to post normal seasonal increases bodes ill for even a meager recovery during the first half of 1981. Interest rates appear to be holding their numbingly high level. The continuing tight-money policy of the Federal Reserve Board appears to be producing its intended effect nationally; numerous indications of improvement have been observed. Housing starts nationally moved upward only slightly in April. Many economic forecasters continue to predict a slackening of interest rates by this fall. If so, it would come none too soon for Oregon.

Lumber and wood products, the cornerstone of the state's economy, is one industry which would welcome an upturn. The employment increase of 500 in raw terms became the industry's fifth consecutive month of decline after being seasonally adjusted. The veneer and plywood sector provided the only glimmer of hope, posting an increase of 500. The remainder of the durable goods sector exhibited a similar malaise, losing a total of 600 over the month. The sole gain in April was posted by other fabricated metals, despite a strike which continued to idle 140 workers in that sector. Instruments and related products registered the largest loss, decreasing by 200. The high-technology industries, which have been increasingly important to the state's economy in recent years, have begun to feel the recessionary pinch.

Little change was reported in April among nondurable goods manufacturers with the exception of canning and preserving, which registered an increase of 1,200 over the month. Repacking and potato processing was reported on the upswing by many firms. Seafood processors also reported healthy increases in April.



INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT

Nonmanufacturing

Construction, a sore spot in the economy, continued to fester in April. The meager increase of 300 over the month translated to a drop of 1,300 when seasonally adjusted. A glimmer of hope was visible, however. More than 6,000 Oregon veterans received word that bonds had been sold, allowing home loans at reduced rates. The result should be a shot in the arm to the state's residential builders.

Trade employment moved upward strongly over the month, gaining 3,600 workers. The increase was limited to the retail sector, with most of the growth occurring in the highly seasonal eating and drinking establishments sector. More telling was the decrease of 3,100 overall since April 1980.

Government employment plummeted by 1,900 over the month. Comparison with year-ago figures reveals a deficit of 9,500 employees. Over the month, the largest losses were reported by educational institutions, both state and local. Federal employment, on the other hand, grew by 400 over the month. The year-ago deficit grew to 4,400, although federal employment last year was inflated by temporary census workers. Reduced budgets have yet to make their impact felt in state and local public administration employment, but cuts are certain to be seen in the near future.

On the whole, April did little to promote any hope of recovery in the near future. It will be some time before Oregon can return to even last year's meager levels.

ECONOMICALLY LAGGING AREAS

A new list of economically lagging areas has recently been certified by an executive order of the Governor. Economically lagging areas are identified in order to meet the need for balanced economic and community development to provide and maintain orderly economic growth. The official state policy is to encourage investments in job producing projects in these lagging areas by providing tax relief with respect to investments.

According to state law, the Economic Development Commission determines a list of lagging areas using criteria that includes, but is not limited to, high unemployment, low per capita income, outmigration due to a lack of economic opportunity, and closure or announced closure of a major area employer. The list is then submitted to the Governor who may certify any or all areas on the list as eligible areas. The current list of certified eligible areas includes the following areas:

Counties:
Baker
Coos
Crook
Curry
Douglas
Grant
Harney
Hood River
Klamath
Lake
Linn
Union
Wallowa
Wheeler

City of Veneta

City of Pilot Rock

Sheridan/Willamina/Grande Ronde area

Portions of the City of Portland and Multnomah Co.

Oakridge/West Fir area

The designation of Josephine County as a lagging area is to be rescinded effective September 25, 1981. All other previously designated economically lagging areas not on the above listing have also been rescinded by this new executive order.

Investments that qualify for tax relief are those made for the acquisition, construction, reconstruction, or improvement of any depreciable property located in an eligible area if the investment is reasonably expected to create new jobs and is consistent with the area's economic development plan.

OUTLOOK FOR COLLEGE GRADUATES

At the end of each school year, many graduating college students turn their attention to the employment outlook. For these new entrants to the labor market, the current as well as the future job outlook may be confusing. Indeed, even the Bureau of Labor Statistics (BLS), with considerable data at its disposal, is not making any predictions as to what will happen in the decade to come. However, sufficient BLS data is available on current trends to offer some indication of the future outlook. Some of these trends are:

1. The growth of the American labor force over the past two decades has been accompanied by a sharp increase in the education level of the American worker. By 1978, 34% of the American labor force had had one to four years of college.
2. Historically up to about 1969, a college degree was considered almost a guarantee of a professional or technical job. Today that expectation is no longer true.
3. During the 1960's, professional and technical occupations were the fastest growing among all occupational groups. In the

CONSUMER PRICE INDEX 1/

	Portland Area		United States	
	Index	Over the Year Percent Change	Index	Over the Year Percent Change
March 1980	253.6	17.7%	239.8	14.7%
January 1981	266.4	8.9	260.5	11.7
March 1981	268.1	5.7	265.1	10.6

1/ Data are for all urban consumers which covers about 80% of the noninstitutional civilian population. Portland area data is published bimonthly. Data for the U.S. is published monthly.

decade of the 1980's, this favorable demand picture will no longer be the case. In fact, employment in most other occupations such as sales, clerical, service, craft, and managerial work is expected to grow faster than in professional occupations.

4. The supply of college graduates during the 1980's is not, however, expected to decline. As a result, it is estimated that nationally between 1978-1990, the number of college graduates are expected to outnumber the jobs traditionally filled by graduates by over three million. This will mean that one in four college graduates will have to find jobs in nontraditional areas, such as sales, service, or crafts.

Given the above trends, the competition for available jobs can be expected to be intense. More and more graduates will probably have to find job not directly related to their major. Yet this may not be all bad. A recent study of liberal arts graduates found that those whose majors were in English, history, and psychology were happy with jobs in areas like business administration. Applying a variety of learned skills to a particular job is the key to job satisfaction.

The employment picture in Oregon reflects the national trends. For the projected 8,000 new job openings in Oregon this year in professional and technical fields, almost 19,000 college and community college graduates will be available.

This situation is not necessarily bleak and not all occupational areas have a surplus of workers. Some of the professional technical occupational groups currently experiencing a shortage of workers include health, accounting, computer science, and engineering. Across all occupational groups during 1981, there is projected to be over 69,000 new job openings. How an individual will fare in this job market will depend not only on the acquired degree, but also upon the person's initiative and job seeking skills.

1978 COVERED EMPLOYMENT AVAILABLE

Oregon Covered Employment and Payrolls is available once again. This series will resume with the publication of 1978 data.

The primary source of data for this publication is a quarterly report submitted by the more than 66,000 employers in Oregon who are subject to the Employment Division Law. Since January 1, 1960, this group included private employers with one or more employees. State government units were added in 1958 and local government in 1974. Federal government units have been covered since 1956. On January 1, 1978, limited coverage was extended to agricultural and domestic employers. The data used for this publication are the employment reported for the payroll period including the 12th of each month and total wages for the calendar quarter. Roughly 95% of all wage and salary workers in Oregon are in industries covered by the Unemployment Insurance (UI) system.

Previously, these data series were published quarterly and annually. The current publication consolidates the quarterly information into an annual report. This publication includes monthly as well as annual average total covered employment and payroll for the year by industry for each county and the state.

Those who were on the previous mailing list for the quarterly or annual reports will receive a copy of the latest publication as soon as it is available. Individuals may obtain a copy by contacting:

Oregon Employment Division
Research and Statistics
875 Union Street NE
Salem, Oregon 97311
(503) 378-8654

1980 MEDIAN FAMILY INCOME

Median family income levels for Oregon and all counties during 1980 have been estimated by the Oregon Housing Division. As of January 1, 1981, Oregon's median family income was estimated to be $21,066, an 8% increase over the year-ago figure of $19,497. Multnomah, Columbia, and Jefferson counties all experienced percentage increases of more than 10% between 1979 and 1980. The only county with a decrease in median family income during this period was Wheeler. Family income is defined as the income of all family members and unrelated individuals living in the family residence. The following table provides a listing of each county's median family income and rank in the state.

Counties	Family Income	Rank in State
Baker	$15,432	35
Benton	21,318	6
Clackamas	24,109	2
Clatsop	23,169	4
Columbia	21,491	5
Coos	20,788	7
Crook	18,911	17
Curry	17,709	26
Deschutes	19,892	10
Douglas	19,331	14
Gilliam	16,738	30
Grant	17,377	27
Harney	18,435	21
Hood River	17,264	28
Jackson	17,849	25
Jefferson	18,087	23
Josephine	15,852	34
Klamath	19,426	13
Lake	18,444	20
Lane	20,369	9
Lincoln	18,046	24
Linn	20,384	8
Malheur	16,672	31
Marion	18,612	19
Morrow	18,761	18
Multnomah	23,438	3
Polk	19,876	11
Sherman	16,391	33
Tillamook	16,944	29
Umatilla	18,175	22
Union	19,096	16
Wallowa	16,616	32
Wasco	19,119	15
Washington	26,529	1
Wheeler	13,071	36
Yamhill	19,684	12
State as a whole	$21,066	--

RESIDENT OREGON LABOR FORCE

	1/ Apr. 1981	2/ Mar. 1981	Change	% Change	5/ Apr. 1980
Civilian Labor Force 3/	1,302,800	1,290,400	+12,400	+1.0	1,275,000
Unemployment	125,000	128,800	- 3,800	-3.0	110,000
Percent of Labor Force	9.6	10.0	xxx	xxx	8.6
Seasonally Adjusted Percent	9.2	9.2	xxx	xxx	8.2
Total Employment 4/	1,177,800	1,161,600	+16,200	+1.4	1,165,000

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Apr. 1981	Mar. 1981	Apr. 1980	Change From Mar. 1981	Change From Apr. 1980
TOTAL 1/	1,013,000 *	1,009,900 *	1,054,400 *	3,100	-41,400
Wage & Salary Employment Index (Seasonally Adjusted)	131.7	132.6	136.0	xxx	xxx
Total Manufacturing	203,100 *	202,400 *	209,600 *	700	- 6,500
Durable Goods	152,000 *	152,100 *	157,900 *	- 100	- 5,900
Lumber & Wood Products	64,500	64,000	66,300	500	- 1,800
Logging & Sawmills	32,200	32,300	35,300	- 100	- 3,100
Veneer & Plywood	19,700	19,200	18,900	500	800
Millwork & Structural Wood	7,400	7,400	6,000	0	1,400
Mobile Homes	1,800	1,700	2,200	100	- 400
Other Wood Products	3,400	3,400	3,900	0	- 500
Furniture & Fixtures	2,600	2,600	2,700	0	- 100
Stone, Clay, Glass, & Concrete	4,300	4,400	4,400	- 100	- 100
Primary Metals	10,700	10,800	11,400	- 100	- 700
Blast Furnaces, Iron & Steel	6,200	6,300	6,700	- 100	- 500
Nonferrous Metals	4,500	4,500	4,700	0	- 200
Fabricated Metals	11,600 *	11,500 *	12,700	100	- 1,100
Fabricated Structural Metals	4,500	4,600	5,000	- 100	- 500
Other Fabricated Metals	7,100 *	6,900 *	7,700	200	- 600
Machinery	18,000	18,000	17,600 *	0	400
Electrical Equipment & Supplies	9,400	9,500	9,900	- 100	- 500
Transportation Equipment	10,100	10,200	11,200	- 100	- 1,100
Instruments & Related Products	18,700	18,900	19,500	- 200	- 800
Miscellaneous Manufacturing	2,100	2,200	2,200	- 100	- 100
Nondurable Goods	51,100	50,300	51,700	800	- 600
Food & Kindred Products	21,000	19,900	20,400	1,100	600
Canning & Preserving	11,200	10,000	10,800	1,200	400
Other Food Products	9,800	9,900	9,600	- 100	200
Textile Mill Products	1,800	1,800	2,000	0	- 200
Apparel	3,000	3,000	3,400	0	- 400
Paper & Allied Products	10,100	10,200	10,200	- 100	- 100
Printing & Publishing	9,600	9,800	10,000	- 200	- 400
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Patroleum Refining	700	700	600	0	100
Rubber & Plastic Products	2,400	2,400	2,500	0	- 100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Apr. 1981	Mar. 1981	Apr. 1980	Mar. 1981	Apr. 1980
(cont.)					
Total Nonmanufacturing	809,900	807,500 *	835,800 *	2,400	-25,900
Mining & Quarrying	2,200	2,100	2,300	100	- 100
Construction	37,800	37,500	45,800	300	- 8,000
Transportation, Communications, & Utilities	59,400	59,000	60,100	400	- 700
Transportation	34,500	34,100	35,200	400	- 700
Railroad	7,400	7,300	7,500	100	- 100
Trucking & Warehousing	16,800	16,600	17,100	200	- 300
Other Transportation	10,300	10,200	10,600	100	- 300
Communications	15,800	15,800	16,300	0	- 500
Utilities	9,100	9,100	8,600	0	500
Trade	250,700	247,100	253,800 *	3,600	- 3,100
Wholesale Trade	66,300	66,400	66,800 *	- 100	- 500
Durable Goods	40,800	40,900	42,400	- 100	- 1,600
Nondurable Goods	25,500	25,500	24,400 *	0	1,100
Retail Trade	184,400	180,700	187,000	3,700	- 2,600
General Merchandise	26,400	26,200	27,100	200	- 700
Food Stores	24,600	24,500	24,100	100	500
Auto Dealers & Service Stations	23,300	22,900	23,900	400	- 600
Other Retail Trade	110,100	107,100	111,900	3,000	- 1,800
Finance, Insurance, & Real Estate	67,000	67,500	69,300	- 500	- 2,300
Banking & Credit Agencies	25,200	25,200	24,800	0	400
Other Finance, Insurance, & Real Estate	41,800	42,300	44,500	- 500	- 2,700
Services	191,400	191,000	193,600	400	- 2,200
Hotels & Personal Services	24,200	24,200	25,200	0	- 1,000
Health Services	63,600	63,900	61,500	- 300	2,100
Other Services	103,600	102,900	106,900	700	- 3,300
Government	201,400	203,300 *	210,900	-1,900	- 9,500
Federal Government	27,800	27,400	32,200	400	- 4,400
State Government	55,600	56,000	56,600	- 400	- 1,000
Education	23,900	24,300	24,600	- 400	- 700
Other State	31,700	31,700	32,000	0	- 300
Local Government	118,000	119,900 *	122,100	-1,900	- 4,100
Education	73,200	75,100 *	76,900	-1,900	- 3,700
Other Local	44,800	44,800	45,200	0	- 400
Labor-Management Disputes	300	500	600	-200	- 300

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

HOURS AND EARNINGS

Average hourly earnings in the manufacturing industries edged up by $0.05, up slightly from the $0.03 increase in February's average. There was a gain of $0.87 (10%) over the year-ago figure. On the other hand, the workweek crept up by 0.1 hour above the previous month's. The current month's workweek of 37.8 has a long way to go to catch up with last year's average of 38.4 hours.

Major gains in earnings were concentrated in the nondurable goods sector, led by printing and publishing ($0.35) and food and kindred (+$0.23). Primary metals increased $0.27 and mobile homes followed with a $0.17 boost in the durable goods sector.

Furniture, fixtures, and fabricated metals had the largest share of increase in workweek in the durable goods industries, while printing and publishing accounted for the major gain in average weekly hours in nondurable goods.

Earnings and workweek continued to slide in the lumber and wood products industries. Mobile homes was down by -1.6 hours, the largest drop in the sector. On the brighter side, furniture and fixtures had a big boost of 1.8 hours and fabricated metals gained one hour. Logging and sawmills, veneer and plywood both posted losses in earnings.

In the nondurable goods sector most industries registered gains in earnings and workweek. Overall gains helped to push up earnings by $0.18 and average weekly hours by 0.3 hour above the previous month's figure. Printing and publishing continued to enjoy brisk business activity. Its competitive edge in earnings and workweek over the year-ago figure remained very strong.

In the nonmanufacturing sector, construction accounted for the largest increase in workweek (+2.3 hours) but fell slightly by $0.01 in

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Mar. 1981	3/ Feb. 1981	Mar. 1980	2/ Mar. 1981	3/ Feb. 1981	Mar. 1980	2/ Mar. 1981	3/ Feb. 1981	Mar. 1980
TOTAL MANUFACTURING 4/	$347.76	$344.96	$319.87	37.8	37.7	38.4	$9.20	$9.15	$8.33
SPENDABLE EARNINGS (1967 Dol.) 6/	108.94	108.96	111.73	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	352.47	351.16	327.79	37.9	37.8	38.7	9.30	9.29	8.47
Lumber & Wood Products	359.48	364.24	336.68	37.8	38.1	38.0	9.51	9.56	8.86
Logging & Sawmills	373.80	388.48	349.68	36.9	37.9	37.2	10.13	10.25	9.40
Plywood & Veneer	378.00	373.01	349.84	40.0	39.1	39.8	9.45	9.54	8.79
Millwork & Structural Wood	281.94	281.98	271.21	37.0	37.2	38.8	7.62	7.58	6.99
Mobile Homes	254.75	261.05	219.10	33.3	34.9	31.8	7.65	7.48	6.89
Other Wood Products	348.69	345.27	331.17	38.7	37.9	39.9	9.01	9.11	8.30
Furniture & Fixtures	232.53	216.60	208.51	33.7	31.9	32.8	6.90	6.79	6.36
Primary Metals	446.95	441.69	400.31	39.8	40.3	41.1	11.23	10.96	9.74
Fabricated Metals	329.35	315.50	299.87	37.9	36.9	38.2	8.69	8.55	7.85
Machinery	349.65	348.94	343.39	37.0	37.2	39.2	9.45	9.38	8.76
Nondurable Goods	333.14	323.76	291.31	37.6	37.3	37.3	8.86	8.68	7.81
Food & Kindred Prod	291.77	281.88	257.40	36.2	36.0	35.9	8.06	7.83	7.17
Canning & Preserving	247.79	236.90	204.68	35.5	35.2	34.0	6.98	6.73	6.02
Other Food Products	344.66	337.24	331.96	37.1	37.1	38.6	9.29	9.09	8.60
Textile Mill Products	181.48	179.57	174.95	34.5	34.8	36.6	5.20	5.16	4.78
Apparel	173.30	172.16	164.03	34.8	34.5	34.9	4.98	4.99	4.70
Paper & Allied Products	450.17	448.13	404.42	41.3	41.0	41.1	10.90	10.93	9.84
Printing & Publishing	371.63	345.11	300.95	37.2	35.8	35.7	9.99	9.64	8.43
Construction 4/	511.06	477.90	439.73	35.1	32.8	34.3	14.56	14.57	12.82
Communications & Utilities 5/	384.30	382.00	355.66	39.7	40.0	40.6	9.68	9.55	8.76
Trade 5/	258.86	260.88	240.11	34.7	34.6	34.4	7.46	7.54	6.98
Wholesale Trade	336.27	339.85	309.80	38.3	38.1	38.2	8.78	8.92	8.11
Retail Trade	215.82	217.13	202.20	32.7	32.7	32.3	6.60	6.64	6.26
Banking & Insurance Carriers	217.34	215.49	196.62	NA	NA	NA	NA	NA	NA
State & Local Government	261.46	262.52	242.18	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

earnings. Both figures were higher than the year-ago levels by a big margin. A drop of 0.7 hour in workweek was posted in communication and utilities but earnings took a $0.13 jump above the February figure. Wholesale trade took much of the credit for the lower earnings in the nonmanufacturing sector, declining by $0.14 but gaining 0.2 hour in average weekly hours for two months in a row.

In general, some sectors in the lumber and wood products industry are feeling the pinch from the low economic activity. However, total manufacturing fared well with gains in average weekly hours and earnings during the current month.

TURNOVER RATES TAKE TURN FOR THE WORSE

Oregon's economic recovery took a wrong turn in April according to the manufacturing labor turnover rates. Accessions plummeted to 3.3, the worst showing since the December nadir. This rate was 0.8 below the March showing of 4.1, and, even worse, the rate was 0.5 below the April 1980 mark. Since April 1980 was the worst month of the recession last year, this April's showing hardly bodes well. April has historically been a fairly robust month for accessions. Until the 1980 and 1981 figures, the lowest accession rate for April was 4.6 (in 1970 and 1979).

Although separations were down from month-ago and year-ago levels, the 3.6 rate gave April a negative accessions-to-separation balance (-0.3). With seasonal adjustment, the balance deteriorates even more, to -1.0 (3.3 to 4.3). With or without seasonal adjustment, the balance was discouraging after the March performance.

Along with accessions, separations posted its lowest mark ever for April (tying the 3.6 mark of April 1972).

Much of the reversal resulted from a terrible month for the nondurable goods sector. Accessions slumped from 3.1 to 2.3, while separations jumped from 2.5 to 3.1.

Of the nondurable goods, food and kindred products and printing and publishing suffered the largest turnarounds. Food and kindred products went from a +1.2 accessions-to-separations balance to a -1.9 balance between March and April. Printing and publishing had a swing of +0.9 to -1.1.

Within the durable goods sector, lumber and wood products maintained its -0.4 accessions-to-separations balance of March, as both its accession and separation rates decreased by 1.0 during April.

This pattern did not hold true for the individual components of the lumber and wood products sector. Plywood and veneer registered an encouraging switch in its balance. Last month the balance was -2.0; this month the industry had rates of 4.0 accessions and 2.7 separations, a fine 1.3 balance.

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Apr 81	2/ Mar 81	Apr 80	1/ Apr 81	2/ Mar 81	Apr 80	1/ Apr 81	2/ Mar 81	Apr 80	1/ Apr 81	2/ Mar 81	Apr 80	1/ Apr 81	2/ Mar 81	Apr 80	1/ Apr 81	2/ Mar 81	Apr 80
MANUFACTURING	3.3	4.1	3.8	1.5	2.1	2.0	1.7	1.9	1.5	3.6	4.0	7.5	1.1	1.0	1.5	2.0	2.3	5.1
Seasonally Adjusted	3.3	3.8	3.8	1.5	2.2	2.0	1.7	1.4	1.5	4.3	3.7	8.3	1.1	1.1	1.6	2.3	2.3	6.2
Durable Goods	3.5	4.4	4.0	1.4	2.1	1.8	2.0	2.1	1.8	3.7	4.3	8.6	1.1	0.9	1.5	2.1	2.7	6.2
Lumber & Wood Prod	3.5	4.5	4.0	1.1	1.6	0.7	2.2	2.6	2.6	3.9	4.9	12.4	1.1	0.9	1.2	2.2	3.2	10.1
Logging & Sawmills	3.5	5.8	4.2	1.0	1.7	0.8	2.4	3.7	2.2	4.3	5.9	9.9	1.1	0.8	1.2	2.5	4.1	7.0
Plywood & Veneer	4.0	2.0	4.2	1.1	0.6	0.4	2.8	1.2	3.7	2.7	4.0	15.7	0.6	0.6	0.8	1.7	2.9	14.5
Millwk & Struc Wood	1.5	4.8	3.0	1.1	3.0	0.4	0.3	1.8	2.6	5.5	4.5	22.9	1.6	1.7	1.2	3.3	1.4	21.1
Furniture & Fixtures	3.6	5.2	2.1	3.4	4.9	2.1	*	0.2	*	3.2	5.5	9.3	2.2	2.0	2.5	0.9	1.8	4.8
Primary Metals	1.9	1.5	2.1	0.8	1.1	1.6	0.8	0.4	0.5	1.5	3.4	2.5	0.5	0.5	0.9	0.7	2.3	1.1
Fabricated Metals	8.4	13.4	6.8	3.7	7.5	3.5	4.7	5.8	3.2	5.5	5.4	9.0	1.4	1.1	2.4	3.5	3.4	5.8
Machinery	3.2	2.9	2.2	1.8	1.9	1.8	1.4	1.0	0.4	2.7	2.6	5.0	0.8	0.7	1.3	1.3	1.3	2.9
Elec Equip & Sup	3.0	2.7	4.1	1.8	1.3	3.8	1.2	1.2	0.3	1.9	4.3	4.4	1.5	1.5	2.0	*	2.0	1.5
Instrumts & Rel Prod	0.8	1.2	2.3	0.3	1.0	2.1	0.5	*	*	1.5	1.1	2.4	1.0	0.8	1.7	0.3	*	0.2
Nondurable Goods	2.3	3.1	3.1	1.8	1.9	2.4	0.4	1.0	0.6	3.1	2.5	3.6	1.0	1.1	1.7	1.6	0.7	1.1
Food & Kind Prod 3/	1.9	3.0	3.0	1.4	1.5	1.6	0.4	1.5	1.2	3.8	1.8	2.8	0.5	0.8	1.2	3.1	0.4	1.1
Textile Mill Prod	2.5	2.3	1.8	2.2	1.8	1.5	0.2	0.4	0.1	2.9	4.5	5.2	2.3	3.4	3.8	0.1	0.5	0.6
Apparel	5.7	3.6	6.8	4.3	2.3	6.1	1.0	1.2	0.3	5.4	4.2	8.0	3.6	2.3	5.0	0.6	1.3	0.7
Paper & Allied Prod	1.3	2.1	1.8	0.8	1.2	1.2	0.3	0.7	0.5	1.8	1.7	1.5	0.5	0.9	0.4	0.8	0.4	0.6
Printing & Publish	1.9	3.3	2.9	1.7	2.4	2.6	0.2	0.5	0.2	3.0	2.4	3.6	1.1	1.2	1.6	1.7	0.7	1.4

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

Logging and sawmills slumped from a -0.1 to a -0.8 accessions-to-separations balance. Accessions in this industry dropped sharply from 5.8 to 3.5; at least the separation rate shrank, too (5.9 to 4.3). Compared to year-ago levels the separation rates were downright minuscule in the lumber and wood products sector. The separation rate for the sector in April 1980 was 9.9; millwork and structural wood was devastated by a 22.9 separation rate (21.1 layoff rate).

Throughout the remainder of the durable goods sector, most of the industries recorded lower accession and separation rates. Every industry, except machinery and fabricated metals, had a reversal in their accessions-to-separations balance.

April 1981 featured record-setting low turnover rates. Unfortunately, since April is normally a month of surging hiring activity, the slowdown is a very discouraging sign. Perhaps economic recovery does not follow a straight path.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		The number of out-of-state visitors to Oregon in 1980 decreased by 3.6% from the previous year according to a recent report by the Oregon Department of Transportation. Of the estimated 13,038,000 visitors, over 90% were automobile travelers and the majority of the remaining were air. Out-of-state visitor revenue in 1980 totaled $1.14 billion--a 5.3% increase over 1979. However, if an adjustment were made for inflation as measured by the annual average increase in Portland's all-urban Consumer Price Index, which was 13.3% in 1980, revenue from visitors would show a decline. Average expenditure per party was $203; $164 per automobile party and $423 per air.
Burns-Hines	Harney	The Economic Development Commission has approved $1.6 million in industrial revenue bonds for a Georgia firm, Peachtree Doors, Inc., to establish a particleboard sash and door plant in the Hines-Burns area. The operation is expected to eventually provide several hundred jobs. Harney County unemployment has been running around 30% since the closure of the Hines Lumber Company last year. Reportedly, Hines expects to reopen part of its sawmill operation and will be able to supply Peachtree with products for its door operation.
Portland	Multnomah	Construction of a $55 to $60 million high-rise combination office building, condominium, and athletic club near downtown Portland is scheduled to begin within six to twelve months. Heron Development Company of Seattle, the builder, purchased the unimproved lot at Southwest Fifth Avenue and Market Street owned by Evans Products Company. (Evans plans to donate the $3 million received for the property towards the performing arts center recently approved by Portland voters.) The project will include a 328-car underground garage, 13,000 square feet of retail and restaurant space, athletic club facilities on the ground floor, 250,000 square feet of office space, and 81,000 square feet of luxury condominium units selling at between $150,000 and $500,000. The 31-story building promises to be the third tallest in Portland.
Boardman	Morrow	The world's largest cattle feedlot is being built on Simtag Farms. The structure will hold 30,000 head of cattle with built-in efficiencies such as automatic waste removal having the net effect of reducing needed animal space by 95% and manpower by 67%. A staff of 35 people will run the feedlot.
Statewide		The State Employment Division has announced plans to close 11 local offices and satellite offices and to lay off 250 employees statewide, due to a significant reduction in Oregon employment service federal funding. Reportedly, the Department of Human Resources overall may have to reduce staff by as many of 765 before all state and federal spending cuts have run their course this year. Services to the public and to other state and federal agencies would be severely affected.
Medford	Jackson	Meier and Frank plans to build a new store in the Rogue Valley Mall in Medford. About 200 area residents will be employed upon completion of construction scheduled for March 1983. The 90,000 square-foot, two-level store will be Meier and Frank's eighth unit and is estimated to cost around $8 million. Production architect is Bloodworth, Peterson, Ellis, and Eslick of Portland.
Warm Springs	Jefferson	The Confederated Tribes of the Warm Springs Indian Reservation have begun construction of a $30 million hydroelectric generating plant below Pelton Dam on the Deschutes River. The project has the distinction of being the first federally licensed power project developed by an Indian tribe. It is being financed by tribal appropriations and low-interest state and federal loans. Scheduled date of completion is July 1982. The powerhouse section is being built by a Boise, Idaho firm. Construction of a three-mile long transmission line to connect the powerhouse to an existing power distribution system in Warm Springs is also called for, along with modifications to the fish ladder and fish trap now in use at the dam site. The flow of the river will not be affected by the powerhouse. Power from the Confederated Tribe's generating plant will be sold to Pacific Power and Light, PGE, or Bonneville Power Administration.

7/9/81 I81-56615-2 B

OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
June 1981

...MAY TRENDS...

Wage & Salary Index.....132.5 up from 132.4 in Apr.
Unemployment Rate.......9.1% down from 9.6% in Apr.
Seasonally Adjusted Rate........................9.2%
U.S. Seasonally Adjusted Rate..................7.6%

OREGON'S STATIC ECONOMY

Reality is sometimes hard to swallow, especially when it portends continued hardship in Oregon's economy. However, it has become abundantly clear that President Reagan's supply-side economic plan has built in continued high unemployment. This, along with the Federal Reserve's tight money policy, will serve to hold Oregon's economy at its present low ebb at least through the end of 1981 and probably through most of 1982. On the positive side, along with these so-called anti-inflationary measures will hopefully come long-term prosperity in Oregon's economy through the rest of the 1980s.

National economic indicators gave further evidence of a stagnant economy. Two much watched indicators--auto sales and housing starts--gave little to be optimistic about. Auto sales in May grew 10% over year-ago levels, however, May 1980 was the worst sales period in 20 years. Looking to the future, the signs remain bleak as high interest rates, steep car prices, and low consumer confidence portend low sales. Housing starts also failed to create optimism. May starts nationwide dropped to 1.15 million (seasonally adjusted at an annualized level), the lowest level yet this year. However, experts predict annual housing starts to average a mediocre 1.4 million in 1981, mirroring the 1980 level.

Along With these less than optimistic indications came good news. Producer prices for finished goods increased by only 0.4% in May. If this trend were to continue, the annual rate would be a lowly 4.8%. This is further good news for the Consumer Price Index which generally lags the Producer Price Index. The consumer price index (all urban) for the U.S. continued its gradual decline with April 1981's index only 10% higher than April 1980. Considering that April 1980 was 14.7% higher than the previous year, this is very positive. Since March of 1980, the yearly comparisons have declined steadily. Two major reasons for the smaller gains are energy and food. Both have stabilized somewhat over the year, however, they remain two of the most volatile components of the CPI survey, with both projected to increase substantially over the long term.

However, over the short-term, Oregon and the nation's economies will continue to plug along slowly. In May, Oregon's jobless rate (seasonally adjusted) remained at 9.2%, mirroring the previous two months. The U.S. jobless rate (seasonally adjusted) bounced upward in May to 7.6% after maintaining a 7.3% plateau during the previous three months. Further evidence of Oregon's steady pace came with the nonfarm wage and salary index. This employment growth indicator remained essentially even at 132.5. Throughout 1981 this measure has remained relatively even, bouncing between January's 133.0 and February's 131.5.

Oregon's labor force continued its steady growth pace in May, reaching to 1,318,400. Within these confines employment increased 1,198,700 while unemployment dropped to 119,700. Next month, both

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components should rise as school age workers enter the labor force. Summer job prospects remain glum for youths as unemployed workers compete for jobs normally filled by summer youth workers.

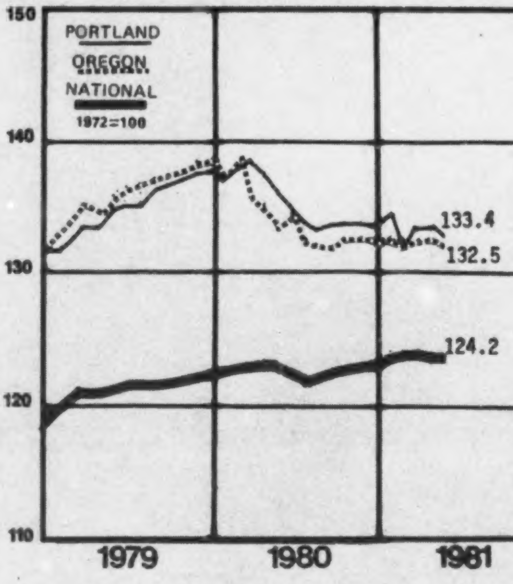
Nonfarm wage and salary employment in Oregon remained at a sub-par level through May. Among most industry divisions, improvement was seen over the month, but the year earlier statistics remain at a higher level, as did the comparable 1979 data. When comparisons are made between 1980 and 1981 data the analysis may be distorted due to the sluggish nature of Oregon's economy last year. Perhaps a better measure of change would be 1979 data which has been characterized as a more normal year for comparison purposes.

Within manufacturing's largest industry, lumber and wood products, employment gains continue at a slow pace. For the second straight month this industry posted seasonally adjusted gains. However, substantial recovery would have had to occur to reach the May 1978 peak of 81,400. Although this industry in the long term continues to decline in employment, it will remain a major component in manufacturing. Over the short term, however, strength in lumber and wood products will provide the impetus for Oregon's staggering economy. However, two factors make the foreseeable future dark; one, the continued high interest rates and two, the continued high cost of timber. These two factors will tighten the already low profit margin besetting the timber industry. This cost-price squeeze will be particularly devastating to the small nonintegrated producers who rely heavily on the expensive publicly owned timber.

The rest of durable goods didn't fare as well as lumber and wood products. Overall, employment moved downward by 800 over the month, although seasonal adjustment revealed a milder downward trend (-300). Declines in shipbuilding and repair activity led the way causing transportation equipment to take the largest decline in workers in this sector. All other industries fluctuated slightly over the month, but remained under year-ago levels with the exception of machinery (+1,000).

Nondurable manufacturing industries also remained steady over the month. Food and kindred products, the largest industry in this sector, would normally increase 800 during May, however, this year the increase was slight (+100).

Activity in nonmanufacturing remained mostly subdued over the month and year. Largest over-the-year job losses occurred in construction (-7,700) and government (-7,800), while the largest gains were in health services (-2,400). Within construction, special trades (plumbers, electricians, roofers, etc.) continued to be the hardest hit segment, however, no segment remained untouched over the year. May's 100 gain overall translated into a decline of 1,000 workers when compared to normal May increases. High interest rates continue to devastate this industry which remains 26% below May 1979 levels.



INDICES OF OREGON AND NATIONAL SEASONALLY ADJUSTED NON-FARM WAGE AND SALARY EMPLOYMENT

The rest of nonmanufacturing moved in normal seasonal patterns except for services and government. The trucking and warehousing segment of transportation gained 700 jobs over the month and more importantly remained 500 jobs above year earlier levels. Services employment had the largest seasonally adjusted gain (+1,600) led by increases in the hotel, personal, and health fields. Government employment rose 900 (seasonally adjusted) as community colleges, local school districts, and federal forestry increased hiring.

Overall, Oregon's economy remained static with little movement in any direction. As summer approaches, the employment levels will continue their upward trend aided by agricultural harvests and the accompanying food processing activity. Only slight improvement will be seen in the rest of Oregon's economy as the year ends. No real relief will be evident until 1982.

OPPS RESULTS PUBLISHED

The Occupational Program Planning System (OPPS) is currently distributing its district occupational demand/supply publications. These publications provide information for each district on employment, job openings, unemployment, and seasonal demand/supply graphs. If you can use this type of information and have not yet received a copy, please contact David Allen, OPPS Coordinator, 378-6400 or toll-free, 1-800-452-7813.

THE CONSUMER PRICE INDEX: PROBLEMS AND LIMITATIONS

Introduction

Historically, the Consumer Price Index (CPI) has been used as a guide in wage and salary negotiations. The assumption has been that the Index represents a valid measure of cost of living (COL) increases. Valid, maybe, but far from perfect contend its critics, and today's persistent high rates of inflation have served to increase both the size of the imperfections and the intensity of the complaints.

The shortcomings and limitations of the CPI have been recognized for years, and some have been alleviated. The Bureau of Labor Statistics (BLS) conducted a major revision in 1978. However, much of the current dissatisfaction with the Index stems not from inherent problems, which will be discussed shortly, but from recent developments in its application--the most controversial of which is indexation.

The prolonged inflationary trend of the past several years has instilled in the population a high degree of sensitivity and sophistication concerning wage-price relationships. Expectations about future rates of inflation have prompted the adoption of indexation as a means of protection. It is a process whereby wages, transfer payments, and so forth, are programmed to increase periodically in direct proportion to increases in prices as measured by the CPI. It is estimated that every one-point rise in the CPI results in an automatic increase of more than one billion dollars in indexed payments to individuals. Hence, the impact of indexation is sometimes referred to as the "ratchet-effect" and viewed with alarm by inflation fighters.

Despite problems attached to its use, the CPI is expected to remain in existence as the nation's "official" COL indicator until a better measure is devised. Hence, it is important to understand its limitations.

The CPI Ignores Quality Changes

One criticism of the CPI is that it ignores quality changes in measured goods and services. This is true for the most part, although the factor of quality has been effectively introduced in a few cases--new automobiles, for instance.

In the case of new cars, it subtracts the auto industry's estimate of the cost of installing seat belts, anti-pollution devices, and other industry or government-identified "improvements," but does not recognize, for example, the added cost to the consumer of thinner paint on cars that causes earlier rusting.

Quality in many goods and services is difficult to measure. Judgments on the direction of the change tend to vary because they are subjective. Changes that represent quality improvement to one person may represent decline to another.

Even where agreement is present, however, quantification poses a problem. Valuing the quality change, whether positively or negatively, must be done in dollar terms for price adjustments to be made. Take the case of shoes, where cardboard or plastic has replaced leather in part of the construction, and a survey reveals that consumers generally perceive the change as a decline in quality. The question remains on how much should be added to the price of the goods. One would first have to define what "decline in quality" represents. One variable might be reduced life of the shoes; another, comfort, or appearance. Then dollar amounts would have to be attached to the variables. The degree of quality loss would have to be considered.

Quality may turn out to be a self-cancelling factor, on the other hand. Theory suggests that a roughly equal distribution of positively and negatively perceived quality changes in measured goods and services would serve to cancel out any effect on the overall Index, if those perceptions could be assumed to hold for the general population.

The CPI Market Basket is Outdated and Incomplete

The market basket of goods and services on which today's CPI is based was largely selected in 1972-73. Very new products would be absent and some obsolete ones would be present, although periodic updating is done by BLS.

In addition, the present market basket does not include income and Social Security taxes, or life insurance--which would be included in a complete COL index.

The CPI Does Not Allow For Substitution

The weights attached to measured goods and services are fixed to 1972-73 consumption patterns. Therefore, the Index cannot take into account substitutions that have occurred over the years, and, hence, over or understates the impact of price changes. A prime example is petroleum.

Gas and oil consumption was greater in 1972-73, before the Arab oil embargo, than it is today. In overstating today's petroleum-based energy consumption through outdated weighting patterns, the CPI overstates the cost-of-living. Home buying presents a similar but more serious problem of artifically inflating the Index because it makes up a sizable portion of the overall calculation. More than 40% of today's Index involves housing costs. Yet fewer homes are being purchased now with real estate prices at record levels.

By failing to allow for substitutions, the Index is assumming that the consumer buys the same goods and services month after month even when their prices go out of sight and those of others become bargains.

Continued on Page 6

RESIDENT OREGON LABOR FORCE

	1/ May 1981	2/ Apr. 1981	Change	% Change	5/ May 1980
Civilian Labor Force 3/	1,318,400	1,306,400	+12,000	+0.9	1,290,400
Unemployment	119,700	125,000	- 5,300	-4.2	113,600
Percent of Labor Force	9.1	9.6	xxx	xxx	8.8
Seasonally Adjusted Percent	9.2	9.2	xxx	xxx	8.9
Total Employment 4/	1,198,700	1,181,400	+17,300	+1.5	1,176,800

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	May 1981	Apr. 1981	May 1980	Apr. 1981	May 1980
TOTAL 1/	1,022,200 *	1,018,000 *	1,042,900 *	4,200	-20,700
Wage & Salary Employment Index (Seasonally Adjusted)	132.5	132.4	135.2	xxx	xxx
Total Manufacturing	204,600 *	203,600 *	204,900 *	1,000	- 300
Durable Goods	153,200 *	152,600 *	152,600 *	600	600
Lumber & Wood Products	66,400	65,100	63,600	1,300	2,800
Logging & Sawmills	33,600	32,500	34,300	1,100	- 700
Veneer & Plywood	20,200	20,000	18,300	200	1,900
Millwork & Structural Wood	7,400	7,400	5,300	0	2,100
Mobile Homes	1,800	1,800	2,100	0	- 300
Other Wood Products	3,400	3,400	3,600	0	- 200
Furniture & Fixtures	2,500	2,500	2,600	0	- 100
Stone, Clay, Glass, & Concrete	4,200	4,300	4,500	- 100	- 300
Primary Metals	10,800	10,700	11,200	100	- 400
Blast Furnaces, Iron & Steel	6,300	6,200	6,600	100	- 300
Nonferrous Metals	4,500	4,500	4,600	0	- 100
Fabricated Metals	11,400 *	11,600 *	12,100	- 200	- 700
Fabricated Structural Metals	4,400	4,600	4,800	- 200	- 400
Other Fabricated Metals	7,000 *	7,000 *	7,300	0	- 300
Machinery	18,200	18,000	17,200 *	200	1,000
Electrical Equipment & Supplies	9,400	9,500	9,800	- 100	- 400
Transportation Equipment	9,600	10,100	9,900	- 500	- 300
Instruments & Related Products	18,500	18,600	19,500	- 100	- 1,000
Miscellaneous Manufacturing	2,200	2,200	2,200	0	0
Nondurable Goods	51,400	51,000	52,300	400	- 900
Food & Kindred Products	20,800	20,700	20,900	100	- 100
Canning & Preserving	11,000	11,000	11,000	0	0
Other Food Products	9,800	9,700	9,900	100	- 100
Textile Mill Products	1,800	1,800	2,000	0	- 200
Apparel	3,100	3,000	3,400	100	- 300
Paper & Allied Products	10,300	10,200	10,300	100	0
Printing & Publishing	9,700	9,700	10,000	0	- 300
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	800	700	600	100	200
Rubber & Plastic Products	2,400	2,400	2,500	0	- 100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	May 1981	Apr. 1981	May 1980	Apr. 1981	May 1980
(cont.)					
Total Nonmanufacturing	817,600	814,400	838,000	3,200	-20,400
Mining & Quarrying	2,300	2,100	2,300	200	0
Construction	38,400	38,300	46,100	100	- 7,700
Transportation, Communications, & Utilities	60,100	59,400	60,200	700	- 100
Transportation	35,100	34,500	35,200	600	- 100
Railroad	7,400	7,400	7,600	0	- 200
Trucking & Warehousing	17,500	16,800	17,000	700	500
Other Transportation	10,200	10,300	10,600	- 100	- 400
Communications	15,800	15,800	16,300	0	- 500
Utilities	9,200	9,100	8,700	100	500
Trade	250,800	250,700	254,100	100	- 3,300
Wholesale Trade	66,400	66,100	66,800	300	- 400
Durable Goods	40,500	40,600	42,000	- 100	- 1,500
Nondurable Goods	25,900	25,500	24,800	400	1,100
Retail Trade	184,400	184,600	187,300	- 200	- 2,900
General Merchandise	26,300	26,300	27,000	0	- 700
Food Stores	24,600	24,700	24,600	- 100	0
Auto Dealers & Service Stations	23,300	23,300	23,900	0	- 600
Other Retail Trade	110,200	110,300	111,800	- 100	- 1,600
Finance, Insurance, & Real Estate	68,100	67,700	69,500	400	- 1,400
Banking & Credit Agencies	25,100	25,200	24,700	- 100	400
Other Finance, Insurance, & Real Estate	43,000	42,500	44,800	500	- 1,800
Services	191,800	191,500	191,900	300	- 100
Hotels & Personal Services	24,600	24,200	25,100	400	- 500
Health Services	63,900	63,700	61,500	200	2,400
Other Services	103,300	103,600	105,300	- 300	- 2,000
Government	206,100	204,700	213,900	1,400	- 7,800
Federal Government	28,500	28,100	33,500	400	- 5,000
State Government	55,100	55,600	56,800	- 500	- 1,700
Education	23,500	23,900	24,400	- 400	- 900
Other State	31,600	31,700	32,400	- 100	- 800
Local Government	122,500	121,000	123,600	1,500	- 1,100
Education	77,800	76,200	77,700	1,600	100
Other Local	44,700	44,800	45,900	- 100	- 1,200
Labor-Management Disputes	200	300	600	- 100	- 400

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

Conclusion

Probably more critics claim the CPI is biased upwardly than downwardly. The implications of the former are certainly more serious in view of indexation and other manifestations of inflationary expectations. However, the opposing view that finds downward biases does exist. For example, the CPI does not account for deterioration in the quality of measured goods and services. In the case of new cars, it subtracts the auto industry's estimate of the cost of installing seat belts, anti-pollution devices, and other industry or government-identified "improvements," but does not recognize, for example, the added cost to the consumer of thinner paint on cars that causes earlier rusting.

Neither does the Index reflect the less tangible added cost of declines in services such as slower mail delivery, for example. The absence of taxes, which have changed rapidly in recent years, would also effect the CPI results.

Some defend the Index by proclaiming that it was never meant to be a cost-of-living measure--that it is designed to measure only price changes in a limited array of goods and services. However, as already mentioned, the CPI has been used as a COL index since its initiation during World War I when rapid changes in living costs created the need for some measure to guide wage negotiations.

It may be that today's complex and rapidly changing consumer environment has advanced beyond the capabilities of the CPI to track with the accuracy its applications would seem to require. Frequent updating of weights, for one, would seem desirable. However, cost and comparability of data dictate caution. For the present, it is apparently the best that can be offered.

WHEN APRIL SHOWERS DON'T BRING MAY FLOWERS

As discussed last month, April's labor turnover figures for Oregon's manufacturing sector were dismal. Unfortunately, these April showers didn't give way to any May flowers. If anything, May's figures were even worse. Accessions dwindled further in May, dropping to 2.8 (from 3.6 in April), an all-time low for May. This 2.8 rate was also down from May 1980's 3.8 mark (the previous all-time low rate for May).

There was a corresponding drop in separations. The rate slid from 3.7 to 2.7, maintaining the +0.1 accessions-to-separations balance. Seasonal adjustment widened the gap to -0.4 (2.5 to 2.9). These balances were improvements over the -0.1 showing of May 1980 (and a -2.2 balance when seasonally adjusted).

Despite these improvements, the May 1981 labor turnover figures prove dismal news indeed. New hires remained very low at 1.6. Recalls dipped sharply to 1.1 (from April's 1.8).

Quits nudged downward to 1.0 in May. Layoffs, despite a major layoff in transportation equipment, shrunk to 1.4 (2.0 in April and 2.7 in May 1980).

Durable goods suffered through a horrendous May. Accessions were down to 2.7 (from April's 3.9). A separations rate of 3.1 gave the sector a highly discouraging -0.4 accessions-to-separations balance.

Nondurable goods, victim of a poor April, reflected a favorable +0.5 accessions-to-separations balance in May. Accessions edged up to 2.8 (still very low but superior to Aprils 2.6), while separations moved downward (3.1 to 2.3).

Fabricated metals was the most active of the published durable goods cells, but even this industry had subdued activity when compared to normal months.

Lumber and wood products posted a nifty 0.8 accessions-to-separations balance based on its 2.8 and 2.0 rates. These were considerably reduced from April 1981 (both accessions and separations had a 3.9 rate).

Within the nondurable goods sector, apparel posted the highest rates for accessions and separations, (as well as the worst accessions-to-separation balance (-2.3) in the manufacturing sector). Printing and publishing and food and kindred products recorded large decreases in separations. Indeed, food and kindred products enjoyed a healthy month. Accessions jumped to 3.5 while separations skidded to 1.7. This +1.8 accessions-to-separations balance was the best balance for May among the manufacturing industries.

What a difference a year makes department: millwork and structural wood employees were being laid off at a 14.5 rate last May, this May the rate was 0.4. Plywood and veneer workers were being recalled at a 7.9 rate last May; this May the recall rate had diminished to 0.4.

MIXED FEELINGS

Spendable weekly earnings for Oregon's manufacturing production workers were up 1.9% from April, but off 2.3% from last March. Recalling that it was one year ago that Oregon's economy took its fall should put this in perspective. Overall in manufacturing, average hourly earnings rose 12 cents for the month and $1.01 for the year.

Earnings for durable goods workers remained the same over the month. Lumber and wood products increased 7 cents in average hourly earnings led by gains in logging and sawmills (6 cents), millwork and structural wood (14 cents), and other wood products (10 cents). Hourly earnings in the furniture and fixtures sector were down 35 cents.

In nondurable goods, food and kindred products had an increase of 10 cents in hourly earnings with widespread support. Cuts in overtime brought the average hourly wage in printing and publishing down by 14 cents.

Outside of manufacturing, construction workers benefited from an 18-cent rise in hourly earnings. Total trade was unchanged even though retail trade was up 1 cent and wholesale trade was up 5 cents. This was due to a greater proportion of hours in retail trade.

Average weekly hours for April were down 0.3 from March, though up 0.5 from last year. Durables held solid (-0.1 hours) with lumber and wood products showing a moderate gain from 37.9 to 38.5 hours. Contributing to this gain were increases of 1.2 hours in logging and sawmills (up 3.4 hours from year-ago figures) and 2.3 hours in mobile homes (up 6.2 from last year). However, millwork and structural wood was off 0.7 hours. Declines in commercial furniture production were reflected in a decrease of 1.3 hours in furniture and fixtures.

The overtime reductions noted before in printing and publishing and seasonal factors in food and kindred products were significant in effecting a drop of 0.7 hours in nondurable goods. Textiles were up 3.2 hours with industry-wide support led by woolens. During good weather, the construction workweek fell by 0.8 hours as the workload was divided among 700 more workers than last month. However, constructon employment still remains over 8,000 lower than last year.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/	3/		2/	3/		2/	3/	
	Apr. 1981	Mar. 1981	Apr. 1980	Apr. 1981	Mar. 1981	Apr. 1980	Apr. 1981	Mar. 1981	Apr. 1980
TOTAL MANUFACTURING 4/	$351.00	$349.27	$308.95	37.5	37.8	37.0	$9.36	$9.24	$8.35
SPENDABLE EARNINGS (1967 Dol.) 6/	109.13	109.36	107.09	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	358.90	353.81	312.28	37.7	37.8	37.0	9.52	9.36	8.44
Lumber & Wood Products	369.99	361.57	310.61	38.5	37.9	34.9	9.61	9.54	8.90
Logging & Sawmills	392.95	378.49	331.34	38.6	37.4	35.1	10.18	10.12	9.44
Plywood & Veneer	383.91	380.40	308.35	40.2	40.0	35.2	9.55	9.51	8.76
Millwork & Structural Wood	270.48	270.92	236.31	34.9	35.6	34.7	7.75	7.61	6.81
Mobile Homes	273.41	254.75	204.04	35.6	33.3	29.4	7.68	7.65	6.94
Other Wood Products	356.59	346.37	286.30	39.1	38.4	35.0	9.12	9.01	8.18
Furniture & Fixtures	214.84	235.29	176.69	32.8	34.1	29.4	6.55	6.90	6.01
Primary Metals	451.76	444.96	398.52	40.3	39.8	40.5	11.21	11.18	9.84
Fabricated Metals	336.75	329.25	307.42	37.5	37.5	38.0	8.98	8.78	8.09
Machinery	360.61	350.34	328.42	37.1	36.8	38.1	9.72	9.52	8.62
Nondurable Goods	327.82	334.02	296.24	37.0	37.7	36.8	8.86	8.86	8.05
Food & Kindred Prod	290.17	296.38	260.79	35.3	36.5	35.1	8.22	8.12	7.43
Canning & Preserving	241.87	246.39	211.51	33.5	35.3	33.1	7.22	6.98	6.39
Other Food Products	356.45	354.94	326.59	37.8	37.8	37.8	9.43	9.39	8.64
Textile Mill Products	195.07	181.83	169.93	38.1	34.9	35.7	5.12	5.21	4.76
Apparel	174.54	173.30	165.43	34.7	34.8	34.9	5.03	4.98	4.74
Paper & Allied Products	463.36	450.73	419.83	42.2	41.2	40.8	10.98	10.94	10.29
Printing & Publishing	342.30	368.03	300.11	35.0	37.1	35.1	9.78	9.92	8.55
Construction 4/	497.54	503.08	449.50	33.8	34.6	35.2	14.72	14.54	12.77
Communications & Utilities 5/	370.12	381.91	354.48	39.5	39.7	40.1	9.37	9.62	8.84
Trade 5/	259.79	260.54	237.66	34.5	34.6	34.0	7.53	7.53	6.99
Wholesale Trade	334.80	339.21	306.00	37.2	37.9	37.5	9.00	8.95	8.16
Retail Trade	218.46	216.81	201.57	33.0	32.8	32.2	6.62	6.61	6.26
Banking & Insurance Carriers	219.22	215.96	198.85	NA	NA	NA	NA	NA	NA
State & Local Government	267.01	262.14	240.62	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

LABOR SURPLUS AREAS REVEALED

A new listing of labor surplus areas has been released by the U.S. Department of Labor. The labor surplus designation is used by federal procurement offices in targeting contracts into areas of high unemployment. The following counties in Oregon received designation as labor surplus areas effective June 1, 1981 through May 31, 1982:

Baker
Clatsop
Columbia
Coos
Crook
Curry
Deschutes
Douglas
Grant
Harney
Hood River
Jackson
Josephine
Klamath
Lake
Balance of Lane less Eugene
Lincoln
Linn
Tillamook
Union
Wallowa
Wheeler

To be included on the labor surplus list, an area must have experienced unemployment of at least 1.20 times the average national rate during a two-year reference period. In order to qualify for the current list, areas needed to average at least 7.9% unemployment during the January 1979 to December 1980 period. Authorization for the labor surplus list falls under Defense Manpower Policy No. 4B and Executive Orders 12073 and 10582.

The basic purpose of the program is to guide a portion of the government's procurement dollars into areas of severe economic need, which has been defined as areas of high unemployment. Employers located in an eligible area can receive preference in bidding on federal contracts.

In addition to the reference period unemployment criteria, areas can also be classified as labor surplus areas by the Labor Department on the basis of exceptional circumstances. Such a determination can be made when natural disasters, plant closures, contract cancellations, and other events not of a temporary or seasonal nature cause sudden and unanticipated rises in unemployment. Nationwide, 1,058 areas received designation as eligible labor surplus areas on the initial listing.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		The Oregon Department of Agriculture announced that the Republic of China (Taiwan) has signed a $9.0 million contract to buy Oregon soft white wheat. The purchase, 44,000 metric tons (1.6 million bushels), is expected to be delivered by mid-1982. This amount represents almost 4% of Oregon's wheat in storage as of April 1, 1981. The trade team also bought about $300,000 worth of tractors and oscilloscopes from Oregon firms. The Taiwanese have been in the Oregon wheat market since the 1950s. Prior to the latest visit of the Taiwanese trade team, the Oregon Department of Agriculture sponsored an all-Oregon food show in Taipei, the capital city of Taiwan. Taiwanese trade officials revealed their intention to reopen a trade office in Portland which was closed some time ago.
Grants Pass	Josephine	Josephine Memorial hospital plans to spend $550,000 for renovation and expansion of its third and fourth floors. The expansion is expected to provide an additional 3,000 square feet of space to house the nuclear medicine, hospital pharmacy, and respiratory therapy departments. It will not increase the number of beds at the hospital. The Budget Committee of the county approved $250,000 to study the potential for an industrial park consisting of about 30 acres of land in the Merlin area. The county hopes to attract two electrical manufacturing firms in the area which could eventually provide the county with an estimated $6 million payroll. However, the success for the proposed industrial park may hinge to a great extent on the amount of available water in the area. It is not yet known whether the water needs of the proposed industrial park can be satisfied without depriving other areas of the county.
Lake Oswego	Clackamas	Narod Development Corporation of Vancouver has purchased one of the most valuable pieces of land in the Portland metropolitan area from Homesite Development of Portland. The land value is estimated at $14.5 million. Narod plans to develop the 238 acres for residential housing estimated to consist of about 1,500 single family units. The development of this land into a full residential area is expected to last six years. The developers are looking to commence the first phase of the construction by this fall.

OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
July 1981

...JUNE TRENDS...

Wage & Salary Index....131.2 down from 132.5 in May
Unemployment Rate..........9.4% up from 9.1% in May
Seasonally Adjusted Rate.......................9.7%
U.S. Seasonally Adjusted Rate..................7.3%

EMPLOYMENT DIVISION CLOSURES

As the unemployment rate goes up, our own Employment Division will add to the jobless ranks come October 1, 1981. Because of federal funding cuts, we will close 11 of our offices on the following schedule:

East Portland	-	August 21
St. Helens	-	September 4
Hood River	-	September 11
Enterprise	-	September 11
Cottage Grove	-	September 11
Florence	-	September 11
Lakeview	-	September 18
Madras	-	September 18
Dallas	-	September 25
Corvallis	-	September 25
Lebanon	-	September 25

In addition to office closures, about 250 of this agency's employes will receive layoff notices. Part of this cutback is due to the end of some programs we operate, i.e., CETA Balance of State prime sponsorship will go to a 27 county consortium. But the office closures and major staff reduction are directly due to federal action.

In the Reagan administration's attempt to balance the budget, the Employment Service is targeted for a $150 million cut. Theoretically, this goes along with the 25% cuts in "social services". The gap between theory and reality broadens when one looks at the funding source for the Employment Service. Rather than a federal general revenue fund source, state Employment Divisions are funded nationally by a direct tax on employers' payrolls. This tax (FUTA) is seven-tenths of one percent on the first $6,000 earnings of each employe, paid directly to the IRS. The tax receipts fund 97% of our job order and placement activities, and all of the cost of administering the unemployment insurance (UI) program. The UI benefit payments are covered by a separate state tax. Many federal legislators did not know these facts when the cut was proposed.

All this means is that employers pay a tax for a service, then the service is cut but there's no tax cut being proposed. Federal response to inquiries on why the Employment Service suffered this reduction has been that employers can handle their own recruitment and screening of applicants for their job openings. This adds insult to injury in that employers continue to pay the tax for the service which they are now expected to provide for themselves.

The Employment Division plans to operate as effectively as possible under this reduction. We are closing offices in areas where community use of our services was low, where there are nearby offices to absorb the workload, and where our facilities' costs were high. We have plans to handle UI claims by mail and by phone. We can still take and fill job orders, but it may take us a little longer because of the distance each remaining office must cover. To handle this traffic we will set in place 1-800 numbers in those communities we are leaving.

The belt tightening is not fatal, but some areas will suffer a loss in our services. Local area labor trends publications will be consolidated, but no county will lose its identity in the statistics. We've had a lot of support from individual and collective groups of employers. We appreciate their concern. There are still many questions unanswered and while we can't disagree with a reduction in government spending we wonder why the federal tax on employers (FUTA) that funds the Employment Divison isn't cut along with the budget. Maybe you can get an answer.

CAREER TABLOID AVAILABLE

Are you involved with career decision making? If so, a prototype publication, Careers, What's In Store for the 80's may be useful to you. The tabloid provides information on over 250 selected occupations in Oregon including job descriptions, outlook, wages, training requirements and institutions, and more. Limited copies are available by contacting:

Oregon Employment Division
875 Union Street N.E.
Salem, OR 97311
ATTN: Tom Lynch (R&S)
Telephone: 378-8656/7

ECONOMY COOLS IN JUNE

Despite moderating inflation and a temporary worldwide oil glut, the nation's economic momentum is fizzling according to recent economic data.

Nationally the seasonally adjusted unemployment rate dropped from 7.6% in May to 7.3% in June. The decline was misleading, however, because fewer students than usual entered the job market in June. Seasonal adjustment factors are subject to greater error in May and June due to changes in school closure schedules from year to year.

Total employment, however, which is less affected by this problem, took a nosedive nationally in June, dropping by 840,000 after seasonal adjustment. Manufacturing and construction were particularly weak, although virtually all economic sectors had lower than normal levels of activity. The average workweek and factory overtime also dipped in June. One bright spot in the U.S. employment picture last month was mining where 150,000 coal miners, who had been on strike, returned to work.

Recent trends in a number of other national economic indicators reinforce the observation that the economy is sputtering. For example, the index of leading economic indicators, domestic auto sales, construction spending, housing starts, and new building permits all declined in the latest month. Interest rates have risen and are once again at exceptionally high levels (e.g., prime rate of 20½%) reflecting the Federal Reserve's focus on battling inflation with restrictive monetary polices. As a result, the Reagan Administration's midyear economic forecast sees no overall improvement in the economy until late this year when personal and business tax cuts and lower inflation and interest rates will begin to stimulate consumer and business spending. Until then, however, unemployment rates are likely to rise to nearly 8% of the labor force.

In Oregon, the economy also took a wrong turn in June. Unusually wet weather early in the month was a contributing factor behind the sharp jump in Oregon's seasonally adjusted unemployment rate to 9.7% in June from 9.2% in May. This was the highest rate since mid-1976 for this important indicator.

Total employment and nonfarm payroll employment both increased seasonally over the month (+23,300 and +9,400 respectively), but these gains fell approximately 10,000 short of normal June trends. The subpar performance dropped the state's nonfarm employment index 1.3 points to 131.2 in June, the lowest level in 3 years.

Most of June's employment gains came in agriculture (+8,200) and related food processing (+2,300) as the 1981 strawberry and cherry harvests got under way. Cool, wet weather, however, delayed the harvests and associated processing activity, and caused some damage to the fruit.

In fishing and seafood processing, this year's poor shrimp season was offset, at least partially, by a short-lived scallop fishery which virtually sprang up overnight in late April when commercial quantities of scallop were found off the southern Oregon coast. By the end of June, activity had diminished considerably.

In manufacturing, June employment gains were especially weak. Although some expansion occurred in food processing and lumber and wood products, these gains translated into losses of 1,000 and 1,300 workers respectively after seasonal adjustment. In the rest of durable goods manufacturing, the picture was even worse. Small job gains in machinery and instruments manufacturing were swamped by a 1,500 cutback in the transportation equipment industry. These layoffs were concentrated in ship repair and truck parts manufacturing.

Tight money and sky-high interest rates kept their stranglehold on Oregon's construction industry in June. A feeble increase of 400 workers occurred, but this was 2,000 short of the normal June increase and remained 7,500 below the June 1980 levels.

Employment gains in trade (+2,000) primarily reflected increased hiring in restaurants as summer travel and recreation activities expanded. Poor weather plus the general state of the economy kept employment growth in trade 1,300 lower than normal, however.

In government, the main changes were a 2,000 loss in local education as schools began to wind down for the summer, and an increase of 1,000 seasonal workers in federal forestry agencies. Overall, public employment rose by 600 workers in June--about 1,400 less than seasonally expected. As many public sector employers are currently struggling with budget cuts, further staff reductions, discounting seasonal changes, will occur later this year.

The only major employment sector to show real improvement in June was services, where seasonally adjusted employment increased by 1,800 following a similar rise in May. Most of the hiring activity in June came in tourist/recreation services such as hotels and amusements and in medical and business services.

For the near term the economic outlook for Oregon and the nation is for further weakening particularly during this summer and fall. Summer job increases are not likely to measure up to past years experience due to cutbacks in government budgets, and exceptionally high interest rates that have depressed activity in virtually all industries, especially construction and building materials.

In Oregon many seasonal jobs are created each summer and fall in the food processing industry as fruits and vegetables are canned or frozen. Excess inventories of canned green beans and pears, however, are expected to reduce employment opportunities later this year and shorten the processing season.

If inflation continues to subside and if the Federal Reserve eases up on the monetary reins, then lower interest rates and upcoming tax cuts will bring a turnaround in 1982. Interpreting the economic tea leaves, however, is a hazardous undertaking at best.

WHAT IS OPPS?

If you have a need for occupational demand/supply information, then the Occupational Program Planning System (OPPS) is for you. OPPS is specifically designed as a "one stop" center for information on the demand and supply of workers in specific occupations. OPPS provides information on:

Occupational Demand
- Employment
- Projected Openings
- Actual Job Openings
- Seasonal Fluctuations of Demand

Occupational Supply
- Completers of Educational and Training Programs
- Actual Job Applicants
- Estimated Number of Unemployed
- Seasonal Fluctuations of Supply

Occupational Demand/Supply Analysis
- Demand/supply analysis of some 200 occupational groups (USOE training programs) indicating whether there is a shortage, balance or surplus of workers
- Specific occupational analysis upon request

Occupational Characteristics
- Working Conditions
- Wage/Salary
- Employment by Major Industry

This information is available in a number of OPPS publications as well as by user request. OPPS publications include:

- A state publication that includes occupational demand/supply data, graphs, and demand/supply analysis. Additional information is also provided on wages, working conditions, and industries that hire such workers (July - August 1981, publishing date).
- Fourteen district publications providing local demand/supply data and demand/supply graphs.
- An occupational classification crosswalk allowing the use of information from a variety of classification systems (DOT, OES, USOE, CC). It includes information on the specific vocational preparation, general educational development, and the physical demands of specific occupations.

In addition, OPPS provides user service and training personnel that are available to help clarify or analyze OPPS data. User training either "on-site" or for regional areas is available upon request.

Write or telephone your request to:

Employment Division
Occupational Program Planning System
875 Union Street NE
Salem, OR 97311

Toll free: 1-800-452-7813, ext. 8-6400
Direct: (503) 378-6400

UI SEMINARS ANNOUNCED

Various aspects of the Unemployment Insurance claims process will be addressed in a series of seminars conducted by the Oregon Employment Division. Included will be an update and overview of the claims procedure, workshops on discharges, voluntary leavings, and taxes, and a luncheon address on UI law changes stemming from the current legislative session. There will be a slight charge to cover costs of materials, facilities, and lunch. If you have any questions or wish to attend one of these seminars, please contact the local office manager in one of the following seminar sites.

August 6 - Grants Pass
August 13 - Gresham
August 25 - Hillsboro/Beaverton
September 15 - Roseburg
September 16 - Roseburg
October 7 - LaGrande
October 8 - Hermiston
October 14 - Newport
October 15 - Springfield
November 4 - Oregon City

RESIDENT OREGON LABOR FORCE

	1/ June 1981	2/ May 1981	Change	% Change	5/ June 1980
Civilian Labor Force 3/	1,348,200	1,318,000	+30,200	+2.3	1,314,200
Unemployment	126,500	119,600	+ 6,900	+5.8	115,600
Percent of Labor Force	9.4	9.1	xxx	xxx	8.8
Seasonally Adjusted Percent	9.7	9.2	xxx	xxx	9.1
Total Employment 4/	1,221,700	1,198,400	+23,300	+1.9	1,198,600

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1979 and January 1980, data for 1980 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	June 1981	May 1981	June 1980	May 1981	June 1980
TOTAL 1/	1,031,800 *	1,022,400 *	1,054,100	9,400	-22,300
Wage & Salary Employment Index (Seasonally Adjusted)	131.2	132.5	134.0	xxx	xxx
Total Manufacturing	207,800 *	204,800 *	211,200	3,000	- 3,400
Durable Goods	153,900 *	153,500 *	156,100	400	- 2,200
Lumber & Wood Products	67,800	66,400	67,100	1,400	700
Logging & Sawmills	34,400	33,400	36,700	1,000	- 2,300
Veneer & Plywood	20,600	20,300	19,600	300	1,000
Millwork & Structural Wood	7,500	7,400	5,300	100	2,200
Mobile Homes	1,800	1,900	1,800	- 100	0
Other Wood Products	3,500	3,400	3,700	100	- 200
Furniture & Fixtures	2,500	2,500	2,600	0	- 100
Stone, Clay, Glass, & Concrete	4,400	4,300	4,600	100	- 200
Primary Metals	10,700	10,800	10,900	- 100	- 200
Blast Furnaces, Iron & Steel	6,200	6,300	6,300	- 100	- 100
Nonferrous Metals	4,500	4,500	4,600	0	- 100
Fabricated Metals	11,500 *	11,500 *	12,100	0	- 600
Fabricated Structural Metals	4,500	4,500	4,800	0	- 300
Other Fabricated Metals	7,000 *	7,000 *	7,300	0	- 300
Machinery	18,500	18,200	17,700	300	800
Electrical Equipment & Supplies	9,400	9,400	9,700	0	- 300
Transportation Equipment	8,200	9,700	9,600	-1,500	- 1,400
Instruments & Related Products	18,700	18,500	19,700	200	- 1,000
Miscellaneous Manufacturing	2,200	2,200	2,100	0	100
Nondurable Goods	53,900	51,300	55,100	2,600	- 1,200
Food & Kindred Products	23,000	20,700	23,700	2,300	- 700
Canning & Preserving	13,000	10,900	13,400	2,100	- 400
Other Food Products	10,000	9,800	10,300	200	- 300
Textile Mill Products	1,800	1,800	2,000	0	- 200
Apparel	3,100	3,100	3,400	0	- 300
Paper & Allied Products	10,700	10,300	10,500	400	200
Printing & Publishing	9,700	9,700	9,900	0	- 200
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	700	800	600	- 100	100
Rubber & Plastic Products	2,400	2,400	2,400	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	June 1981	May 1981	June 1980	Change From May 1981	 June 1980
(cont.)					
Total Nonmanufacturing	824,000	817,600	842,900 *	6,400	-18,900
Mining & Quarrying	2,100	2,300	2,400	- 200	- 300
Construction	39,400	39,000	46,900 *	400	- 7,500
Transportation, Communications, & Utilities	59,700	59,700	60,300	0	- 600
Transportation	34,600	34,700	35,000	- 100	- 400
Railroad	7,200	7,400	7,300	- 200	- 100
Trucking & Warehousing	17,400	17,100	17,300	300	100
Other Transportation	10,000	10,200	10,400	- 200	- 400
Communications	15,700	15,800	16,300	- 100	- 600
Utilities	9,400	9,200	9,000	200	400
Trade	252,600	250,600	255,200 *	2,000	- 2,600
Wholesale Trade	66,300	66,000	66,400 *	300	- 100
Durable Goods	40,700	40,400	42,200	300	- 1,500
Nondurable Goods	25,600	25,600	24,200 *	0	1,400
Retail Trade	186,300	184,600	188,800	1,700	- 2,500
General Merchandise	26,300	26,300	27,000	0	- 700
Food Stores	24,600	24,700	25,100	- 100	- 500
Auto Dealers & Service Stations	23,400	23,100	23,700	300	- 300
Other Retail Trade	112,000	110,500	113,000	1,500	- 1,000
Finance, Insurance, & Real Estate	68,600	68,100	70,200	500	- 1,600
Banking & Credit Agencies	25,000	25,100	24,600	- 100	400
Other Finance, Insurance, & Real Estate	43,600	43,000	45,600	600	- 2,000
Services	194,700	191,600	194,400	3,100	300
Hotels & Personal Services	24,900	24,300	25,600	600	- 700
Health Services	64,900	63,800	62,400	1,100	2,500
Other Services	104,900	103,500	106,400	1,400	- 1,500
Government	206,900	206,300	213,500	600	- 6,600
Federal Government	29,500	28,500	33,800	1,000	- 4,300
State Government	55,800	55,400	58,200	400	- 2,400
Education	24,200	23,800	24,700	400	- 500
Other State	31,600	31,600	33,500	0	- 1,900
Local Government	121,600	122,400	121,500	- 800	100
Education	75,700	77,700	73,900	-2,000	1,800
Other Local	45,900	44,700	47,600	1,200	- 1,700
Labor-Management Disputes	300	200	1,200	100	- 900

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

SUMMER HIRING SKIPS BY OREGON

JUNE 1981

June is traditionally the strongest month for new hiring, but this June was not the harbinger of good news. A poor 2.5 new hire rate served to depress the accession rate for Oregon's manufacturing sector in June. This 2.5 new hire rate, while above the abysmal 1.6 mark of May (and June 1980's 2.3), was roughly half the usual rate.

The accession rate of 3.8 was the worst June figure on record. Last year the rate was 5.2, buoyed by a large number of recalls. Recalls were down to 1.1 this June, helping to further depress the accession rate.

Thus it appears that summer hiring will not increase the manufacturing labor force by much this year. Employers are content to maintain the status quo.

Layoffs were down from year-ago levels. The 1.8 rate remained unchanged between May and June of this year, but was down from the year-ago rate of 2.3. This reduction in layoffs helped to shrink the separation rate to 3.4, compared to 4.2 last June.

Quits, holding steady at 1.0 between May and June, were below year-ago levels, too. The quit rate of 1.3 last June was abnormally low, so this month's figure reflects just how low worker confidence has sunk.

The overall accessions-to-separations balance shows a +0.4 mark. Seasonal adjustment reverses the balance, dropping it to -1.0 (2.7 to 3.7), further illustrating the discouraging nature of the rates.

Among the individual industries, fabricated metals featured the most noteworthy trend. Two firms reported major layoffs during June, inflating the layoff rate in that industry to 8.2.

Paper and allied products, millwork, machinery, and printing and publishing all posted favorable accessions-to-separations balances of 1.3 or better. The other industries, except the aforementioned fabricated metals, displayed fairly modest accessions-to-separations balances.

Food and kindred products, normally a key industry for summer hiring, posted a meager 2.1 new hire rate. Lumber and wood products, another key summer employer, also rang up a discouraging new hire rate (2.3). Although this rate was above June 1980's 2.1, it was way below the normal rate. Even during the 1974-75 recession the rate was 6.6 in 1974 and 6.1 in 1975.

There can be little question that this June's showing was discouraging. The usual summer expansion appears to be avoiding the state this year.

TRAINING PEOPLE FOR NEW AND CHANGING OCCUPATIONS

-- When does a new occupation require a special education or training program?

-- At what point do changing job duties within existing occupations require modifications in training programs?

-- How can publicly-financed education and training best keep up with changing job requirements?

These are some of the questions OOICC (the Oregon Occupational Information Coordinating Committee) is dealing with in a project entitled "New and Changing Occupations". A special OOICC subcommittee is guiding the project. The committee has met twice, agreeing on basic definitions, and developing an outline for analyzing new and changing occupations and verifying the need for additional training/education offerings.

The outline addresses such factors as the specific job titles and duties; projected new and replacement job openings; demand characteristics (seasonal? part-time?), current unemployment; present training supply; employer acceptance; working conditions; pay rates; and turnover.

A preliminary report is currently available through the OOICC. By August the more detailed final report will be available.

For more information call the project staff person, Jim Stembridge, in Salem at 378-6400, or contact the Oregon Occupational Information Coordinating Committee, 875 Union Street N.E., Salem, Oregon 97311 (phone: 378-8146).

EARNINGS CLIMB CONTINUES

Hourly earnings for Oregon's manufacturing production workers registered another stong increase for May, gaining 12 cents over the month. Over the year, increases in average hourly earnings totaled 10.7%, far outstripping the 8.2% increase in the Portland Consumer Price Index for the same period. Spendable weekly earnings, a figure adjusted for taxes and inflation, reflected this strength by exceeding its year-ago level for the first time since January.

While strong signs were evident throughout manufacturing, the durable goods sector led the way. Providing much of the impetus was the lumber and wood products industry. Logging and sawmill establishments reported a hefty increase of 28 cents in hourly earnings to accompany a 1.3-hour increase in workweek and the attendant jump in overtime. Millwork registered an increase of 1.4 hours in its workweek, coupled with a 6-cent increase in average hourly earnings. Marginal losses in the workweek occurred among veneer and plywood, mobile homes, and other wood products, although the figures remained well above their depressed year-ago levels. Other durable goods industries posted healthy increases in average hourly earnings, most notable a 45-cent increase accompanying increased hours and overtime at fabricated metals producers. Few significant changes were evident among the nondurable goods industries. Decreased hours and overtime led to falling hourly earnings at textile mill products and printing and publishing firms, the latter declining for the second straight month.

Communications and utilities was the bright spot among the nonmanufacturing industries, posting a 0.6-hour increase in the workweek while cost-of-living increases fueled a 28-cent jump in hourly earnings. Elsewhere, Construction earnings fell by 5 cents over the month but still stand 16.4% above the year-ago figure. The key here, however, is the vastly reduced construction work force--more than one-fifth smaller than May 1980s.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ May 1981	3/ Apr. 1981	May 1980	2/ May 1981	3/ Apr. 1981	May 1980	2/ May 1981	3/ Apr. 1981	May 1980
TOTAL MANUFACTURING 4/	$358.90	$353.40	$322.53	38.1	38.0	37.9	$9.42	$9.30	$8.51
SPENDABLE EARNINGS (1967 Dol.) 6/	110.36	109.78	110.23	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	367.87	360.61	329.57	38.4	38.2	38.1	9.58	9.44	8.65
Lumber & Wood Products	383.57	369.99	346.71	39.1	38.5	38.1	9.81	9.61	9.10
Logging & Sawmills	413.96	389.64	372.87	39.5	38.2	38.8	10.48	10.20	9.61
Plywood & Veneer	383.90	383.91	336.42	39.7	40.2	38.1	9.67	9.55	8.83
Millwork & Structural Wood	283.61	270.62	264.15	36.5	35.1	37.1	7.77	7.71	7.12
Mobile Homes	272.45	264.83	209.81	35.2	35.5	28.9	7.74	7.46	7.26
Other Wood Products	362.80	365.31	306.64	40.0	40.1	36.9	9.07	9.11	8.31
Furniture & Fixtures	206.24	211.88	189.30	30.6	32.2	30.0	6.74	6.58	6.31
Primary Metals	448.48	449.44	397.76	39.9	40.2	40.3	11.24	11.18	9.87
Fabricated Metals	360.96	335.63	313.29	38.4	37.5	37.7	9.40	8.95	8.31
Machinery	360.24	364.39	315.24	37.1	37.8	37.0	9.71	9.64	8.52
Nondurable Goods	329.96	328.48	298.28	37.2	37.2	37.1	8.87	8.83	8.04
Food & Kindred Prod	292.38	287.55	269.36	35.7	35.5	36.4	8.19	8.10	7.40
Canning & Preserving	241.77	239.70	218.67	34.1	34.0	34.6	7.09	7.05	6.32
Other Food Products	363.28	355.32	339.69	38.0	37.6	39.0	9.56	9.45	8.71
Textile Mill Products	187.08	195.14	167.79	36.9	37.6	35.7	5.07	5.19	4.70
Apparel	174.80	174.54	153.72	35.1	34.7	33.2	4.98	5.03	4.63
Paper & Allied Products	469.83	464.52	422.30	41.8	42.0	41.2	11.24	11.06	10.25
Printing & Publishing	328.25	340.62	299.28	34.3	34.9	34.8	9.57	9.76	8.60
Construction 4/	505.43	501.27	440.65	34.5	34.1	35.0	14.65	14.70	12.59
Communications & Utilities 5/	393.41	376.49	355.41	39.9	39.3	39.8	9.86	9.58	8.93
Trade 5/	261.44	261.86	240.81	34.4	34.5	34.5	7.60	7.59	6.98
Wholesale Trade	339.00	340.66	310.08	37.5	37.6	38.0	9.04	9.06	8.16
Retail Trade	218.09	218.78	204.70	32.6	32.8	32.7	6.69	6.67	6.26
Banking & Insurance Carriers	212.57	215.34	201.16	NA	NA	NA	NA	NA	NA
State & Local Government	264.08	264.94	244.21	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		The State of Oregon expects to realize more than $10 million from a two day auction of leased petroleum rights to the state-owned lands. According to the officials of the state's Lands Division, a total of 213 parcels are to be auctioned off mostly in the Elliot State Forest northeast of Coos Bay. The parcels will go to the highest bidder on each tract for the ten-year leases. Included in the leases is a $1.00 payment per year to the state and 1/8 share of any oil or gas produced on the leased parcels.
Statewide		A $3.77 million self-liquidating water resources financing bonds was sold to Merrill Lynch, Pierce, Fenner, and Smith by the Oregon Water Resources Department at 10.75% interest. The bonds were the same ones issued earlier in May this year but failed to receive any bids as a result of the 10% interest ceiling. Proceeds from the sale will be used to finance 36 irrigation and drainage projects located in various areas of the state.
Salem	Marion	Agripac Inc. of Salem has opted to update their machinery rather than adding new buildings. An adjustment of $13.5 million was made in new equipment that will process corn, beets, carrots, and berries. This giant expenditure far exceeds the normal annual capital program of between $1.5 to $2 million. The investment was made possible because the members of the corporation agreed last year to give up their earned dividends for a one year period. Expected benefits from the new machinery include an increase in bean production from 23 to 32 tons and eventually to 50 tons. The labor saving has resulted in a decrease of the number of persons on the sorting line from 140 to 50, a 70% reduction.
Portland	Multnomah	One Portland high-rise building will soon be rising higher. Far West Corporation will expand its corporate headquarters from 5 to 11 floors. This is the first time in the city's history that an office building will add this many floors to an existing structure. The 6 new floors will more than double the rentable square footage of the building, from 100,000 to 212,000 square feet. The project is expected to cost $11 million. Construction is scheduled to start in August with completion targeted for late summer of 1982.
Portland	Multnomah	The Red Lion Motor Inn will undergo a $30 million expansion and renovation. The cost of this project also includes the original purchase price of the former Sheraton property taken over by Red Lion. A new 15-story tower addition will yield 250 guest rooms bringing the hotel's total capacity to 520, a record high in the state's hotel accommodation. The project is expected to be completed by September of 1982.
Corvallis	Benton	The Rabbit Research Center at Oregon State University in Corvallis, is the only one so far in the nation. The center is concentrating its efforts on rabbit herd management and disease control that may hinder the growth of the rabbit industry in the country. The U.S. Department of Agriculture has renewed funding for the Rabbit Research Center worth about $33,000 for the coming year. Two other major industries interested in the research have provided the center with some grant money. Ralston-Purina of Checkerboard Square, St. Louis, has offered the center $20,000 to construct a rabbitry. The Carnation Company of Los Angeles provided a $15,000 grant for a graduate assistantship in rabbit nutrition.
Corvallis	Benton	Oregon State University is hosting an international research project that may help to resolve the TCK (Telletia Controversa Kuhn) smut that infests some Pacific Northwest grain. The People's Republic of China has become the fourth largest buyer of Northwest wheat during the past year, but have occasionally banned import of Northwest white wheat for fear of the TCK smut infesting their crops. U.S. scientists have noted that the smut requires cool weather and snow-covered conditions to survive. The Chinese want to confirm this by sending their scientists over here to study the problem. The experiment involves inoculating wheat seed with TCK smut spores on small trial plots in 14 locations in Oregon, Washington, Idaho, Montana, and Utah. Trial stands in Oregon are located in Corvallis, Moro in Sherman County, and Flora in Wallowa County. The experiment is still continuing.
Medford	Jackson	The expected "glitters" from the gold mine on Sugar Loaf Mountain near Jacksonville may be dead, at least for now. Continental Minerals Inc., a Las Vegas, Nevada Company, was to develop the gold mine. However, the company has gone out of business and the Internal Revenue Service has seized the company's holdings in Nevada for nonpayment of payroll and unemployment taxes. Continental Minerals Inc. promised last March to make an initial $2.5 million investment toward the development of the gold mine.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES SALEM, OREGON August 1981

...JULY TRENDS...

Wage & Salary Index...130.7 down from 131.2 in June
Unemployment Rate.........8.8% up from 9.4% in June
Seasonally Adjusted Rate.......................9.3%
U.S. Seasonally Adjusted Rate..................7.0%

JULY ECONOMY GIVES BAFFLING SIGNS

The economic indicators took a baffling turn in July, sending out mixed signals that confounded many analysts. After experiencing a spring quarter decline, the economy posted some brighter than expected signs to begin the third quarter. The general consensus among economists, however, continues to be one of caution against optimistic forecasts for the rest of the year.

The most surprising news was in unemployment. Nationally, the unemployment rate dropped to a seasonally adjusted 7.0% of the civilian labor force, the lowest rate since April 1980, just before the economy began its current downturn. Oregon's seasonally adjusted unemployment rate also tumbled, dropping from June's 9.7% to 9.3% in July. There was speculation at the national level that unemployment is simply lagging behind the second quarter weakening of the economy with some employers holding on to workers in anticipation of tax cuts and increased defense spending taking effect later this year.

An unexpectedly strong showing in retail sales, which rose by 1.3% in July, cast further doubt on the often repeated assertions of business activity crumbling in the face of high interest rates. Even though consumers may have a sunnier view of economic prospects than most economists, the cost of borrowing shows no indication of declining in the near future. Sectors such as automobile sales and housing will not be able to bounce back to prerecession levels in the remainder of this year.

Employment in the auto and construction industries remains well below established levels countering gains made in July in services and other healthy national sectors. Auto sales, while continuing to be weak, were up in mid-July over last year. In addition, the second quarter saw GM post its largest quarterly profit in two years. It was the first quarter in over two years where all Big Three auto makers made a profit.

The confused state of the economy was evident in other indicators released during July. New factory orders increased for the fifth consecutive month in June, a streak that normally would imply growth in industrial production. Industrial production, however, dropped in June with expectations of further summer declines. Capital goods orders were down with orders for machine tools one third lower than last June. Consumer prices rose at a lowly 7.4% annual rate in the second quarter, but the second half is expected to be worse. The Reagan administration is predicting a 9.9% rise in prices this year compared to 1980's 13.5% increase. Perhaps helping to renew inflationary pressures was a 1.6% gain in personal income in July, the largest percentage gain in a year. The dollar gained strength in foreign markets, but progress made in reducing the trade deficit will be hurt by the dollar's renewed vitality by making U.S. exports more expensive.

OPPS STATE PUBLICATION PUBLISHED

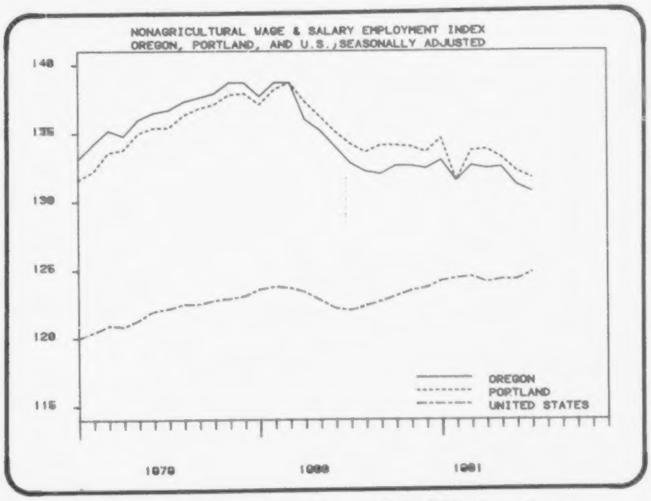
The Occupational Program Planning System statewide demand/supply publication is being distributed to CETA, Vocational Education, Division of Vocational Rehabilitation, Employment Division labor economists, and many others. It provides data on employment unemployment, projected openings, educational and training supply, and occupational characteristics. In addition, there are some 200 occupational demand/supply analyses covering the major occupational training programs in the state.

The statewide publication is in limited supply and is being distributed with care. Agencies or institutions involved with occupational and economic planning will be given preference. Individual requests for the data contained in the publication are welcome. Please phone toll-free 1-800-452-7813, ext. 8-6400, or direct 378-6400.

Other indicators were less confusing, pointing directly to the underlying weakness of the economy. Productivity was down in the second quarter with the gross national product dropping nearly 2% following an 8.6% increase in the first three months of 1981. Savings and loan establishments reported a net worth decline of $1.75 billion in the first half. The index of leading indicators fell 1.3% in June following a 1.5% decrease in May. The implication is for future weakness in the economy. The index of coincident indicators, which tends to move with the current economy, fell .3% in June after declining by .1% in both May and April. These declines reflect the current overall sluggishness caused by the strict monetary policy that is keeping interest rates at record levels. The companion index of lagging indicators rose slightly in June after a strong showing in May that reflected the first quarter gains. The trend of this index also implies trouble ahead.

Oregon's Economy

Oregon's labor force statistics also revealed some surprising changes in July. Unemployment declined to 8.8% of the labor force (not seasonally adjusted), the lowest monthly rate this year. In addition to the unemployment decline, both total and nonfarm wage and salary employment also declined. While it is not unusual for employment to drop between June and July, the surprise came in the magnitude of the drop--21,000 in wage and salary employment, 4,000 more than seasonally expected.



The unemployment decline of 9,300 is also unusually large for this time of the year. There has been some indication that the drop is partly related to the overall poor performance of the economy in the second quarter which has discouraged many young people into dropping out of the labor force. A person is considered to be unemployed only as long as he or she is available and actively seeking work. While there is no data collected on discouraged workers in Oregon, it is estimated nationally that there has been a 14% increase in the number of discouraged workers in the first half of this year compared to 1980 and a 40% gain over the first half of 1979.

The sharp employment drop caused the seasonally adjusted wage and salary employment index to fall to 130.7, a half point lower than June and the lowest level recorded in three years. A combination of large seasonal layoffs at educational institutions, tight government budgets, and slack demand for electronic instruments contributed to July's weak employment situation.

Manufacturing

The strongest employment gains came in agriculture and food processing, up 8,500 and 3,800, respectively, from June. After the cool, wet June weather, harvesting activity began in earnest during July. Canning and Preserving employment increased a hefty 2,600 over the year ago figures. On a seasonally adjusted basis, employment in food and kindred products was up by 2,000 over the month.

Lumber and wood products employment continued to climb for the fourth consecutive month and construction employment rose considerably, up by 2,200 over June. After seasonal adjustment, however, only construction gained (+500) while lumber and wood products continued its slide (-400). Both sectors remain well below levels from both last year and two years ago. Construction employment is 5,800 lower than in July 1980 and 16,000 jobs below 1979, the last good year for building. Lumber and wood products employment is down 1,000 from July 1980 and 16,800 from July 1979.

Reports on national building activity did nothing to allay the fears in these two vital Oregon sectors. Even though housing starts rose 3.3% in July, the rise follows two months of plummeting starts when activity declined by 11% in June and 13% in May. Starts are now at a seasonally adjusted annual rate of 1.06 million units, slightly ahead of the low in May 1980 with the trough yet to come. New home sales plunged 17.2% in June and with mortgage rates at record levels (hovering around 17%), the prospects for sales in July and August are no better. After dropping in June by 16.4%, building permits declined by another 4% in July. The three consecutive months of declines in permits represents the steepest drop since March 1980. Residential building contracts for June fell an adjusted 5% from May, the fifth month this year that residential building contracts have fallen. All of this adds up to continuing depressed conditions in Oregon's lumber and wood products and housing industries, perhaps until next spring.

Nonmanufacturing

Some of the most cheerful news for Oregon came with an influx of out-of-state visitors and in-state travelers. While the effects of this tourism boom have not yet been seen in the employment totals, by all accounts 1981 will be the best year for tourist activity in some time. Tourism in Oregon suffered from the gasoline problems encountered in 1979 (shortages and shocking price increases) and from the effects of a weak economy in 1980. Most areas in Western Oregon are reporting visitor counts up anywhere from 10 to 40% over last year.

The sectors most affected by tourism showed mixed conditions in July. Trade employment was up over the month but nearly 1,800 below last July. The monthly change can largely be attributed to seasonal factors. In the Eating and Drinking Places sector, employment exceeded the previous high mark for July set in 1979, but the growth was just not as dynamic as had been hoped. While employment in Services declined over the month both in actual (-1,400) and seasonally adjusted (-1,600) numbers, the bulk of the drop was unrelated to tourism, coming from the Private Education sector. The Hotels and Lodging Places sector posted a gain of 300 over the month raising it to year ago levels for the first time this spring and summer. Growth in employment in the Amusements industry (+300) brought the sector above the year ago figure.

The most substantial employment decline in July occurred in Government. It is quite normal for summer employment in government to plunge, as educational institutions release the bulk of their employes for summer vacation. Added to the normal declines were lower than usual hiring for summer programs that had been cut back due to budget tightening. Some employment gains were noted in July as federal forestry agencies added 400 seasonal workers and other local government added 1,300 workers. Overall, however, seasonally adjusted totals fell by 3,500 in July and all components of Government are now below the corresponding year-ago levels.

While the data and reports released during July may have momentarily baffled economists, there is no real indecision on the future of the national and Oregon economies for the rest of 1981. The outlook, despite July's decline in unemployment, remains dismally bleak. Most industry forecasts now put U.S. housing starts at no more than 1.2 million, not even reaching the gloomy 1.29 million of 1980. The tough stance of the Federal Reserve Board on monetary policy is not likely to weaken although moderate declines in interest rates are possible by the year's end. The weaknesses found in economies worldwide have even started to affect conditions in Oregon where possible layoffs are looming for the usually stable electronics industry.

OREGON'S CONSTRUCTION EMPLOYMENT IN PERSPECTIVE

Oregon's employment in construction, if it continues at its current pace, will average about 40,000 for 1981 - the lowest level since the mid-seventies recession. This article investigates the reasons for this low employment, gaining perspective from trends that have prevailed throughout the 1970's.

Demand for housing stands out as the most important single long-term factor affecting employment in the construction industry. Demand for new houses was strong throughout most of the 70's. New construction grew from 17,000 units in 1970 to a peak of 29,000 units in 1978, with a slump in 1974-75 and another one beginning in 1980. Oregon has played host to a rapid net immigration. The older half of the baby-boom generation reached the 22-34 age group during the seventies, and the average number of persons per household fell from 2.9 to 2.7*. Favorable tax treatment has encouraged new home construction.

Supply constraints enacted during this period of strong overall demand have pushed the prices of new houses upward. More restrictive zoning has raised the prices of lots. Stricter building codes have raised building costs. The prices of building materials, in response to a relatively fixed supply of lumber as well as to strong demand, doubled from 1975 to 1979, while the general producer price index was rising 47%.

These economic events have become more difficult to interpret in the era of high cost-push inflation--rising international oil prices, price-wage spirals and speculation that high inflation will continue--that began in the early 1970's. The downturn of 1980-81 differs from that of 1974-75 in that controls on interest rates have been lifted. The financial market is now being allowed to adjust to the widely held view that low, predictable rates of inflation are not in the offing.

Residential construction is traditionally the first industry to prosper in a boom and the first to suffer in a recession. Practically all housing starts are financed by long-term loans, and therefore demand for housing is extremely sensitive to interest rates.

The graph on page 6 describes the relationship between mortgage rates on the one hand, and Oregon residential building permits and employment in construction on the other. As mortgage rates fell from 1970 to 1972 the numbers of building permits rose. When mortgage rates began to climb, the number of permits immediately dropped. They rose again from 1974 through 1977, as mortgage rates held steady during a period of extremely high commodity inflation. When mortgage rates rose in 1978, building permits began to fall; when they rose rapidly in 1979 and 1980, the numbers of permits fell rapidly.

Building permits are usually transacted just prior to the housing starts. As the graph shows, the full effect of changes in the numbers of housing starts on employment in the construction industry is felt between one and two years afterward.

*Real Estate Report for Metropolitan Portland, Oregon, Spring 1981.

RESIDENT OREGON LABOR FORCE

	1/ July 1981	2/ June 1981	Change	% Change	5/ July 1980
Civilian Labor Force 3/	1,331,900	1,348,000	-16,000	-1.2	1,290,400
Unemployment	117,200	126,500	- 9,300	-7.4	111,400
Percent of Labor Force	8.8	9.4	xxx	xxx	8.6
Seasonally Adjusted Percent	9.3	9.7	xxx	xxx	9.1
Total Employment 4/	1,214,700	1,221,500	- 6,800	-0.6	1,179,000

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	July 1981	June 1981	July 1980	Change From June 1981	Change From July 1980
TOTAL 1/	1,010,700 *	1,031,700 *	1,027,300 *	-21,000	-16,600
Wage & Salary Employment Index (Seasonally Adjusted)	130.7	131.2	132.8	xxx	xxx
Total Manufacturing	210,200 *	207,500 *	211,600 *	2,700	- 1,400
Durable Goods	153,000 *	153,800 *	156,500 *	- 800	- 3,500
Lumber & Wood Products	67,900	67,400	68,900	500	- 1,000
Logging & Sawmills	35,200	34,200	37,800	1,000	- 2,600
Veneer & Plywood	19,800	20,500	19,900	- 700	- 100
Millwork & Structural Wood	7,400	7,400	5,600	0	1,800
Mobile Homes	1,800	1,800	1,900	0	- 100
Other Wood Products	3,700	3,500	3,700	200	0
Furniture & Fixtures	2,400	2,400	2,500	0	- 100
Stone, Clay, Glass, & Concrete	4,300	4,300	4,600	0	- 300
Primary Metals	10,500	10,700	10,700	- 200	- 200
Blast Furnaces, Iron & Steel	6,100	6,200	6,300	- 100	- 200
Nonferrous Metals	4,400	4,500	4,400	- 100	0
Fabricated Metals	11,400 *	11,500 *	11,900	- 100	- 500
Fabricated Structural Metals	4,400	4,500	4,800	- 100	- 400
Other Fabricated Metals	7,000 *	7,000 *	7,100	0	- 100
Machinery	18,900	18,900	17,300 *	0	1,600
Electrical Equipment & Supplies	9,400	9,400	9,600	0	- 200
Transportation Equipment	7,900	8,200	9,300	- 300	- 1,400
Instruments & Related Products	18,000	18,800	19,600	- 800	- 1,600
Miscellaneous Manufacturing	2,300	2,200	2,100	100	200
Nondurable Goods	57,200	53,700	55,100	3,500	2,100
Food & Kindred Products	26,500	22,700	24,100	3,800	2,400
Canning & Preserving	16,300	12,700	13,700	3,600	2,600
Other Food Products	10,200	10,000	10,400	200	- 200
Textile Mill Products	1,700	1,800	2,000	- 100	- 300
Apparel	3,000	3,000	3,300	0	- 300
Paper & Allied Products	10,800	10,700	10,500	100	300
Printing & Publishing	9,600	9,800	9,800	- 200	- 200
Chemicals & Allied Products	2,200	2,200	2,200	0	0
Petroleum Refining	700	700	700	0	0
Rubber & Plastic Products	2,400	2,500	2,300	- 100	100
Leather Products	300	300	200	0	100

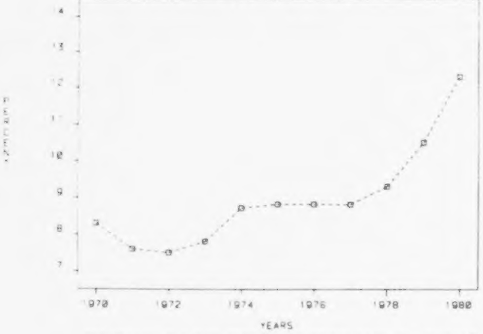
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	July 1981	June 1981	July 1980	June 1981	July 1980
(cont.)					
Total Nonmanufacturing	800,500	824,200	815,700 *	-23,700	-15,200
Mining & Quarrying	2,500	2,200	2,500	300	0
Construction	41,700	39,500	47,500 *	2,200	- 5,800
Transportation, Communications, & Utilities	60,000	60,000	59,900	0	100
Transportation	34,900	34,900	34,500	0	400
Railroad	7,500	7,400	7,400	100	100
Trucking & Warehousing	17,500	17,300	17,300	200	200
Other Transportation	9,900	10,200	9,800	- 300	100
Communications	15,700	15,700	16,300	0	- 600
Utilities	9,400	9,400	9,100	0	300
Trade	253,900	252,700	255,700 *	1,200	- 1,800
Wholesale Trade	66,400	65,700	67,800 *	700	- 1,400
Durable Goods	40,400	40,500	42,300 *	- 100	- 1,900
Nondurable Goods	26,000	25,200	25,500	800	500
Retail Trade	187,500	187,000	187,900	500	- 400
General Merchandise	26,600	26,500	26,800	100	- 200
Food Stores	25,400	24,800	24,800	600	600
Auto Dealers & Service Stations	23,400	23,400	24,100	0	- 700
Other Retail Trade	112,100	112,300	112,200	- 200	- 100
Finance, Insurance, & Real Estate	68,400	68,400	70,100	0	- 1,700
Banking & Credit Agencies	25,000	25,000	24,700	0	300
Other Finance, Insurance, & Real Estate	43,400	43,400	45,400	0	- 2,000
Services	192,300	193,700	192,100 *	- 1,400	200
Hotels & Personal Services	24,900	24,800	25,300	100	- 400
Health Services	64,400	64,500	61,900 *	- 100	2,500
Other Services	103,000	104,400	104,900	- 1,400	- 1,900
Government	181,700	207,700	187,900	-26,000	- 6,200
Federal Government	30,000	29,600	32,100	400	- 2,100
State Government	51,700	56,500	53,800	- 4,800	- 2,100
Education	19,700	24,300	20,000	- 4,600	- 300
Other State	32,000	32,200	33,800	- 200	- 1,800
Local Government	100,000	121,600	102,000	-21,600	- 2,000
Education	52,700	75,600	53,800	-22,900	- 1,100
Other Local	47,300	46,000	48,200	1,300	- 900
Labor-Management Disputes	300	300	1,300	0	- 1,000

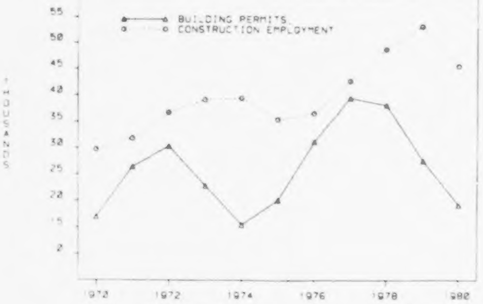
* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

CONVENTIONAL MORTGAGE RATES[1]
OREGON 1970 TO 1980



RESIDENTIAL BUILDING PERMITS AND CONSTRUCTION EMPLOYMENT[2]
OREGON 1970 TO 1980



1/ Conventional mortgages on new homes, contract rate. Federal Reserve Bulletin

2/ Building permits for single and multiple family units. Oregon State Housing Division

The Federal Reserve has strictly limited the rate of growth in the money supply since the first quarter of 1981. With inflation running above 10 percent, the demand for short term credit has remained high. As a result, interest rates have remained at levels which seem abnormally high and the housing slump is continuing in 1981. Some analysts believe that mortgage rates will remain near 14 percent through 1985*.

Construction, more than any other industry, is influenced by cyclical factors. During a boom period expanding job opportunities result in higher income and increased demand for goods and services. But the economy cannot sustain rapid growth indefinitely. High demand for investment capital--commercial construction loans being an important example--exerts upward pressure on the interest rates. Demand-pull inflation, that component of total inflation associated with higher unit costs of production resulting from productive capacity being strained far beyond its point of maximum efficiency, accelerates. At this point in the cycle producers' inventories are high, and consumer needs for durable goods are relatively close to being satisfied.

The peak of the cycle occurs when, due to these conditions, employers begin to lay off a few workers. Then high consumer demand that underlay the boom begins to lessen. As sales fall off, more and more people are put out of work, lowering the demand even further. This downward part of the cycle continues until lack of demand for credit allows interest rates to drop, and until demand-pull inflation slows and production costs stabilize, setting the stage once again for increased business activity.

Housing loans have traditionally called for fixed payments over a long term. In the future most housing loans will call for payments that vary with the cost of money to the lending institution. Thus a large portion of the risk of loss due to inflation--a risk that the lender has traditionally borne--will be passed on to the borrower. Variable rate loans will lessen the impact of business cycles on the construction industry by making the current mortgage rate less crucial.

The Oregon Department of Veterans Affairs loan program--the largest self-supporting state housing loan program in the country--introduces a measure of stability into the economy by offering low-interest loans regardless of conventional rates. It is estimated that the direct effect of the $1.2 billion brought into the state by bond sales in 1980 will create jobs for a year for 12,000 Oregonians*. Bonds totaling $440 million have already been sold in 1981, with an additional sale of $180 million planned for this month.

It is often said that there is little activity in construction this year because people simply cannot afford new houses. In economic terms, the quantity of new houses demanded is low, because the price is high. The total price of a new house includes the cost of building materials, the wages and fees charged by the general contractor and tradesmen, the price of the lot and its improvements, and finally, the cost of financing. This year the cost of financing is so high that it overshadows the fact that the costs of labor and materials are at a several-year low.

There is a widespread expectation, or at least a hope - that the mortgage rates will soon turn downward. If the rates remain high, these expectations will gradually fade, and more and more people will decide to buy, though reluctantly, at the higher rates. Those financing their houses with variable-rate loans will still derive some benefit from future drops in the mortgage rates. Perhaps there will be a trend to smaller homes to offset the high financing costs.

Commercial and industrial construction has decreased since 1978, though its down-turn has not been as severe as that of residential construction. The growth of other industries in Oregon has been an important prop for the construction industry. Unflagging consumer demand has supported commercial construction. However, the rising interest rates for bonds as well as conventional loans will make 1981 a bleak year for construction.

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*Oregon Economic Forecast. Executive Department, May 1981.

*Oregon Department of Economic Development.

Public funding for heavy construction will not be plentiful in the early 1980's. Federal matching funds for highways--approximately $110 million in 1980--are not likely to be increased in 1981. The Oregon gasoline tax, one of the lowest in the country, has stood at 7¢ per gallon since 1967. In 1980 the voters refused a rate increase. Most of the $13 million budgeted annually by Oregon state, county and municipal governments, along with the federal funds, will be used for the preservation of existing streets, roads, and highways.

Oregon's increasing and mobile population will continue to create a need for highway, road and street constuction, in addition to placing a strain on the existing facilities. In the long run voters and legislators will be likely to place higher priority on this need.

In summary, Oregon's construction industry is expected to recover, as it always has, in spite of some formidable obstacles. High interest rates and extremely limited funding dampen the immediate outlook. If solutions to these problems can be found, strong underlying demand for housing, roads and industrial and other construction by a growing population will result in moderate growth for the construction industry in the mid 1980's.

WORKWEEK SLIPS WHILE EARNINGS RISE

Oregon's manufacturing production workers fared poorly in June, as the manufacturing workweek registered a drop of .1 hour. A drop of this magnitude would be considered minimal, but June figures normally show a strong increase from May levels. A comparison with year-ago figures reveals a 1.1 hour gap. Spendable Weekly Earnings, a figure adjusted for inflation, illustrated the drop by falling 2.7% below its year-ago level. Even more graphic is the comparison with the non-recession year of 1979, which shows a gaping 8.1% decline in Spendable Earnings.

Pay increases provided some solace for workers in June, as cost-of-living increases were widespread throughout manufacturing. The strongest gains were posted by the Lumber and Wood Products industry, which gained 39 cents in hourly

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Jul 81	2/ Jun 81	Jul 80	1/ Jul 81	2/ Jun 81	Jul 80	1/ Jul 81	2/ Jun 81	Jul 80	1/ Jul 81	2/ Jun 81	Jul 80	1/ Jul 81	2/ Jun 81	Jul 80	1/ Jul 81	2/ Jun 81	Jul 80
MANUFACTURING	3.2	3.8	4.1	1.8	2.6	2.2	1.2	1.1	1.6	3.6	3.3	3.7	1.2	1.0	1.2	1.8	1.7	1.6
Seasonally Adjusted	3.1	2.7	4.2	1.8	1.8	2.1	1.5	0.9	2.1	3.8	3.6	4.6	1.2	1.0	1.2	2.6	2.3	3.0
Durable Goods	3.5	3.8	4.2	1.9	2.4	2.2	1.4	1.1	1.7	3.8	3.5	3.6	1.1	1.0	1.2	2.1	1.9	1.6
Lumber & Wood Prod	3.6	4.0	5.3	1.6	2.4	2.5	1.8	1.4	2.4	4.0	3.4	3.9	1.1	1.0	1.2	2.2	1.7	1.8
Logging & Sawmills	4.2	4.3	6.1	1.5	2.2	3.2	2.5	1.8	2.3	3.6	3.5	4.2	0.8	0.9	1.2	1.9	1.7	1.8
Plywood & Veneer	2.2	3.2	2.3	1.3	2.4	1.3	0.6	0.6	0.9	3.3	3.4	2.8	1.0	0.8	0.8	1.9	2.0	1.3
Millwk & Struc Wood	3.5	4.5	10.8	2.4	2.5	1.3	1.1	1.9	9.5	7.2	2.6	5.3	1.9	1.8	1.4	4.3	0.1	3.4
Furniture & Fixtures	5.5	3.9	5.3	3.3	2.7	1.5	1.3	1.3	2.4	3.5	3.2	8.9	2.0	2.2	3.0	*	0.4	1.9
Primary Metals	1.2	1.8	1.5	0.3	1.3	1.0	0.9	0.3	0.5	2.1	2.0	2.0	0.5	0.4	0.8	1.3	1.3	0.7
Fabricated Metals	4.5	3.6	5.3	2.3	2.3	2.6	2.0	1.3	2.7	3.6	3.8	5.5	1.3	0.7	1.1	1.5	2.3	3.6
Machinery	2.4	4.3	2.7	1.8	3.5	1.5	0.5	0.7	1.2	3.0	1.6	2.6	0.9	0.7	0.9	1.7	0.6	1.2
Elec Equip & Sup	5.8	4.5	3.6	5.2	4.3	2.3	0.4	0.1	1.3	3.0	3.7	3.8	2.3	1.7	2.0	*	1.1	0.9
Instrumts & Rel Prod	2.2	1.7	1.4	1.0	1.1	1.2	0.9	0.1	*	2.6	1.7	1.2	1.0	1.0	0.9	1.4	0.4	*
Nondurable Goods	2.1	4.0	3.7	1.5	3.1	2.4	0.4	0.8	1.1	2.7	2.8	4.2	1.3	1.2	1.5	0.8	1.1	1.6
Food & Kind Prod 3/	2.4	3.4	2.8	1.7	2.2	2.1	0.5	1.2	0.6	2.8	3.0	2.7	1.0	0.9	1.3	1.3	1.6	0.9
Textile Mill Prod	2.6	3.1	4.2	2.1	2.9	4.0	0.2	0.1	0.1	3.5	3.8	4.5	2.6	2.7	3.3	0.1	0.3	0.4
Apparel	4.7	5.3	6.5	4.4	4.2	5.0	0.2	1.0	0.8	5.6	6.3	13.0	4.1	2.8	3.5	0.4	2.6	2.4
Paper & Allied Prod	0.8	4.6	3.4	0.5	4.2	1.5	0.3	0.2	1.8	1.8	1.4	3.0	0.7	0.4	0.4	0.5	0.4	1.9
Printing & Publish	2.2	3.6	3.0	1.7	2.9	2.7	0.4	0.7	0.2	2.4	3.0	3.5	1.4	1.5	1.6	0.4	1.1	1.3

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

earnings. Here, the leader was the Veneer and Plywood sector with an increase of 64 cents. Mobile Homes was the only sector of the industry which failed to show an increase in average hourly earnings. Besides being a gainer in hourly earnings, Lumber and Wood Products was a major loser in the workweek, dropping 1.1 hours.

Pay increases were evident in other parts of the Durable Goods sector, raising hourly earnings by 14 cents in both the Primary and Fabricated Metals industries. The machinery workweek was a rare bright spot in the workweek figures, increasing by 1.2 hours.

The Nondurable Goods sectors also posted drops in earnings and workweek, as nearly 2,000 seasonal food processing workers diluted both hours and earnings. Predictably, Canning and Preserving showed the largest drop in hourly earnings, falling by 26 cents over the month. Textile Mill Products establishments reported a workweek 1.1 hours longer, while the Paper and Allied Products and Printing and Publishing industries each posted earnings increases to negate slight drops in the workweek.

The Construction industry was the star among the Nonmanufacturing industries; average hourly earnings bounded forward by 74 cents. The construction workweek fell by half an hour as activity was dampened by wet June weather. Wage increases boosted hourly earnings at Communications and Utilities employers by 34 cents while the workweek remained rock-steady.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ June 1981	3/ May 1981	June 1980	2/ June 1981	3/ May 1981	June 1980	2/ June 1981	3/ May 1981	June 1980
TOTAL MANUFACTURING 4/	$358.91	$357.58	$335.40	37.9	38.0	39.0	$9.47	$9.41	$8.60
SPENDABLE EARNINGS (1967 Dol.) 6/	109.43	110.01	112.02	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	370.74	366.91	348.96	38.3	38.3	39.7	9.68	9.58	8.79
Lumber & Wood Products	385.18	381.22	380.07	37.8	38.9	41.0	10.19	9.80	9.27
Logging & Sawmills	411.10	410.82	395.57	38.1	39.2	40.2	10.79	10.48	9.84
Veneer & Plywood	386.53	380.78	389.84	37.6	39.5	44.0	10.28	9.64	8.86
Millwork & Struct Wood	303.53	282.88	290.07	37.8	36.5	39.9	8.03	7.75	7.27
Mobile Homes	262.47	272.45	278.54	34.4	35.2	33.6	7.63	7.74	8.29
Other Wood Products	361.38	365.71	345.77	38.0	40.1	40.3	9.51	9.12	8.58
Furniture & Fixtures	215.66	205.11	213.73	31.3	29.9	33.5	6.89	6.86	6.38
Primary Metals	460.81	446.16	400.18	40.6	39.8	40.3	11.35	11.21	9.93
Fabricated Metals	346.82	354.71	324.90	36.7	38.1	38.0	9.45	9.31	8.55
Machinery	372.28	359.87	320.79	38.3	37.1	37.0	9.72	9.70	8.67
Nondurable Goods	324.58	329.59	296.43	36.8	37.2	37.1	8.82	8.86	7.99
Food & Kindred Prod	280.54	293.56	255.61	35.2	35.8	35.9	7.97	8.20	7.12
Canning & Preserving	229.49	242.48	210.63	33.6	34.2	34.7	6.83	7.09	6.07
Other Food Products	367.84	363.86	329.73	38.0	38.1	37.9	9.68	9.55	8.70
Textile Mill Products	192.28	187.08	173.43	38.0	36.9	36.9	5.06	5.07	4.70
Apparel	175.15	174.80	170.77	35.1	35.1	35.8	4.99	4.98	4.77
Paper & Allied Products	474.12	469.83	436.17	41.3	41.8	41.5	11.48	11.24	10.51
Printing & Publishing	330.43	326.54	302.75	34.1	34.3	35.0	9.69	9.52	8.65
Construction	524.80	506.89	446.86	34.1	34.6	34.4	15.39	14.65	12.99
Communications & Utilities	406.18	392.62	361.89	39.9	39.9	39.9	10.18	9.84	9.07
Trade	266.50	262.20	244.65	34.7	34.5	34.9	7.68	7.60	7.01
Wholesale Trade	350.36	341.56	310.40	38.0	37.7	37.9	9.22	9.06	8.19
Retail Trade	220.09	218.11	209.79	32.8	32.7	33.3	6.71	6.67	6.30
Banking & Insurance	220.45	213.92	200.33						
State & Local Government	265.18	266.95	235.18						

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
September 1981

AUGUST TRENDS

Wage & Salary Index...130.0 down from 130.9 in July
Unemployment Rate.........9.1% up from 8.8% in July
Seasonally Adjusted Rate......................10.0%
U.S. Seasonally Adjusted Rate..................7.2%

OREGON'S ECONOMY: GOING FROM BAD TO WORSE TO PROSPERITY?

No Recovery Yet

Economic recovery has been predicted for some time, but the date has continued to slip further into the future. After a year and a half of predicting an economic turnaround, all we have is a dim light at the end of a tunnel because the solution is proving to be more evasive than was originally imagined.

The fight against inflation is showing some progress, partly due to the easing of oil and food price increases and largely due to slower growth of money and credit. However, experts agree that the process of slowing inflation through monetary restraint can lead to strains on other important sectors of the economy. As long as strong credit demand remains, restrained monetary growth will be accompanied by high interest rates. It is high interest rates that are doing so much harm to Oregon's major industries.

Oregon's economy is going from bad to worse. If wood products and construction do not get some relief soon, this will be a very rough winter for many Oregonians. Relief for Oregon is spelled l-o-w-e-r i-n-t-e-r-e-s-t r-a-t-e-s. But the prospects for relief are becoming very dim. A projected $20 billion overrun in the nation's 1982 budget deficit would mean still more interest rate pressure from government borrowing. (In the last fiscal year, federal borrowing accounted for 38% of total demand on U.S. credit markets.) Although recent rallies in the bond and money markets prompt some Wall Street economists to suggest that interest rates may decline slowly, there is little chance for substantial relief before next spring.

August Labor Trends

Oregon's seasonally adjusted unemployment rate soared in August to the highest level since April 1976. Unemployment reached into the double digit category hitting 10.0% up from 9.2% in July. Conversely, the nation's rate of 7.2% was up only slightly from July's 7.0%.

The number of Oregon workers unemployed increased by 3,700 to reach 121,000 last month. This is the first time in over 30 years that unemployment failed to decline in August and there have never been more workers out of work during August in Oregon's history. Total employment dropped by nearly 10,000 workers since July, reflecting a large and expected decline in agricultural jobs and virtually no expansion in nonfarm payroll employment. Since wage and salary employment normally rises sharply in August, the state's seasonally adjusted nonfarm employment index sank nearly a point to 130.0.

August job gains came primarily in food processing. Although employment was up 2,400, hiring was still 2,800 below what was normally expected for the month. Most of this deficit was due to July's extra strong showing. Because of the cool, wet June weather, harvesting and processing was delayed until July, pushing employment 2,000 over what was normally expected - leaving little room for further increases in August.

The food processing industry has been troubled by high interest rates, labor problems, and oversupply in recent years, but the situation may be brightening. Industry representatives are predicting better days ahead for farmers and processors. Ed Brennon, general manager of Agripac, Inc. said, "The future of agriculture looks promising for vegetable growers. However, the ability to develop and expand markets will be the key factor in determining future growth." According to Brennon, a "real revolution is taking place in shipping fresh fruit to the Pacific Rim nations." Taiwan alone buys about $80 million worth of U. S. apples, most of which come from Washington and Oregon. The state also exports $500 million worth of wheat annually, mainly to Pacific Rim countries like Japan, Korea, and Taiwan.

The Construction industry spent another month in the doldrums, posting a raw increase of 500 while dropping 100 seasonally adjusted. The over-the-year drop of 5,800 and a two-year plunge of 17,300 illustrate the serious problems in this and related industries. Heavy construction, however, has lent some stability to this sector. Projects like the I-205 bridge spanning the Columbia River east of Portland and major buildings in downtown Portland are long term projects which are not subject to the same economic pressures as is residential building construction.

This year, single family housing starts are at the lowest level in 14 years. The latest data from the Oregon Housing Division show that July 1981 building permits for single family dwellings are about half the number issued in July 1980 - and that was considered to be a low period. With higher interest rates charged in the Oregon Department of Veterans Affairs loan program, home builders will lose much of another source of activity.

Hard times continue to plague Oregon's Lumber and Wood Products manufacturers. Prices and production are falling. Employment should have ascended to its annual peak in August, but instead took a reduction of 1,100 workers. Concern grows that many independent mills won't survive the winter. The National Forest Products Association has warned President Reagan that this is the most serious crisis the industry has faced in 50 years.

There are several reasons why the outlook is grim for lumber and wood products. Foremost are high interest rates. There is little hope of them falling enough to break the skid in prices and production especially before the rainy season slows outdoor activity. In addition, soft export markets, continued pressure from Canada, and other factors hurt the Northwest timber industry. The Canadians, for example, have lower raw material costs, low cost transportation, and a huge advantage on the dollar exchange.

Although the stable Electrical Equipment and Supply industry was up 200 over July, employment was 100 lower than a year ago. Recent layoffs in Oregon are by no means unique. California's "Silicon Valley" has also been hit with layoffs due to the current weakness of the semiconductor market.

The 200 increase over the month in Trade was 800 smaller than seasonally expected. Employment lagged 2,600 behind its year-ago level, with most of the loss being shown by wholesale establishments. Some relief is expected, however, with the approach of the winter holidays.

Although Finance, Insurance, and Real Estate showed only a modest decrease of 500 workers between July and August, the change over the year is a more dramatic 2,100 loss. The Real Estate sector dropped almost 1,900 - an 8% reduction in employment

After seasonal adjustment, the Services sector registered no change between July and August. The raw figures show a relatively small 200 worker decrease. What is encouraging is the increase of 600 workers over a year ago. Health Services rang up a hefty 1,800 increase over the year.

This is the 13th consecutive month where Government employment is less than the previous year (-1,500). As expected, the noneducation state government portion suffered the greatest with an over-the-year drop of 2,500.

OREGON WAGE INFORMATION PUBLISHED

A compilation of Oregon Wage data for more than 300 occupations will soon be available.

For your free copy call 378-8657 or long distance toll free 1-800-452-7813, ext. 8-8657.

Looking Ahead

Many analysts remain optimistic over the long run, however, and foresee a period of prosperity during the remainder of the 1980's. Barring war or other disasters, the underlying strength of our economy will become apparent. "Once we get the cobwebs shaken out of the system, we're going to be in for a fairly long period of prosperity", predicts Vincent Malang, an economist with A. Garry Shilling & Co., in New York as reported in the Wall Street Journal.

Economists base their optimism on a number of favorable trends. The most important of them is that the postwar "baby boom" generation which flooded the market with new workers will be moving into its more productive years. The labor force will grow more slowly which should result in less pressure being put on the government to fight joblessness. The slowed growth of the labor force should also restore incentives to invest in labor-saving equipment. This change will cause productivity to increase, thus boosting real wages and ease pressures on prices. The U. S. has already made more progress than many people realize in coming to grips with one of the major sources of inflation in the 1970s - the huge increase in oil prices. The switch to fuel-efficient cars is already paying dividends and will do so even more as the inefficient autos built in the mid 1970s are scrapped. Also, payoffs are just starting to come from the development of more energy-efficient housing, factories, and manufacturing equipment.

Finally, economists believe that the drag on the economy resulting from the diversion of resources from boosting production to such goals as cleaning up the environment will decrease. The cost of cleanup was greatest early in the 1970s when federal and state standards were new. The environment was at its dirtiest then and the cost of converting existing equipment to meet the standards was the greatest. As the old equipment and plants become obsolete or worn out, they will be replaced by new designs which are less polluting. As a result, the costs of meeting standards should be reduced.

Oregon's construction and building materials manufacturing will be among the major beneficiaries of the economic recovery. Individuals of the postwar "baby boom" are now in the age bracket that has provided the strongest demand for housing. This linked with a pent up housing demand and continued immigration support the contention that there is a large potential demand for housing. Lower interest rates and increased availability of mortgage financing are needed, however, to convert this large "potential" demand into actual market demand.

REVISIONS TO UNEMPLOYMENT INSURANCE LAW

The close of the 1981 Legislative session brought about a number of far reaching changes in unemployment insurance. The most significant change occurred in the penalty for quits, discharges, and job refusals. Instead of being able to requalify by reporting on their claims for eight weeks, claimants must now work and earn four times their weekly benefit amount or more. In addition, their total monetary award will be reduced by eight times their weekly benefit amount. Oregon now has one of the most stringent disqualifications for job separations and refusals.

In the realm of taxation, employers will be penalized if their quarterly reports are more than 10 days late. Interest on unpaid unemployment insurance taxes has been increased from 1% to 1.5% per month. Tax rate schedules have been broadened from a range of 1.2% - 4% to 0.9% - 4%. Employers with good experience ratings will be the primary beneficiaries of this change.

Independent contractors did not escape the law changes. Subcontractors working on residential construction who are registered with the Builders Board and who are operating under written contracts containing certain provisions can obtain certification from the Employment Division and will not be considered in employment for the purposes of Employment Division law.

The weekly benefit amount is currently computed at 55% of the average covered weekly wage. In October 1981, this percentage will increase to 58%. July 1982 will see an increase to 60%, and to 64% in July 1983.

A major change also occurred in deductible income. Previously, Social Security, pensions, and retirement pay were 100% deductible from unemployment insurance benefits. Now pensions and retirement pay are only deductible if the money comes from an employer the claimant worked for in the last 18 months. Only 50% of the Social Security award is deductible.

Further information on tax matters may be obtained from Lee Russell, Manager of Unemployment Insurance Tax, 378-3223; information concerning other provisions may be obtained from Bill Brinegar, Executive Assistant, UI Program Control. Both individuals may also be reached by writing to 875 Union St. NE, Salem, Oregon 97311.

OCCUPATIONAL PROJECTIONS BASED ON LONG TERM INDUSTRY TRENDS

Every year the Employment Division publishes projections of employment by occupation. Most occupations are included in the projections. As a result, the publication has a wide variety of uses. CETA planners have the most urgent need for the projections since they must plan ahead for the coming federal fiscal year. Community college staff use the projections throughout the year as proposals for new training programs must address the future employment outlook for graduates. High school students and other individuals often single out occupational forecasts as a critical consideration when choosing a career. Firms considering locating or expanding in Oregon frequently request information on the occupational mix of the resident work force.

To adequately serve these diverse and important needs, the Employment Division and the U.S. Department of Labor produce and distribute occupational information. The Occupational Employment Statistics (OES) Program surveys about one-third of Oregon's industries each year. A complete picture of the occupations needed to operate the economy is renewed every three years. Repeating the cycle yields useful data reflecting current economic and social trends in Oregon. The impacts of technological advances and rapidly increasing demand for services such as day care are examples.

The annual publication titled "Occupational Employment Trends in the State of Oregon" analyzes and summarizes the employment outlook for more than 1,000 specific occupations found in Oregon. The first step in this analysis, however, is to project employment trends by industry. Following are highlights from this year's edition which forecasts employment to 1987.

Population and Labor Force Trends

Oregon's population increased 14.5% between 1975 and 1980. This rate of growth was even faster than the high migration scenario published in 1976 by the Center for Population Research and Census at Portland State University. About two-thirds of this increase is the result of migration to the state. Oregon's sparse population and attractive environment are two important factors behind this movement which is expected to continue, although at a slower rate, through the mid-1980's.

By 1985 the number of persons in Oregon's labor force is expected to be larger than those not in the labor force including children. Two important trends indicate this will occur. The population bulge created by the increase in birth rates following World War II will be of prime working age (between 22 and 44) by 1985. In addition, the labor force participation rate for women will continue to rise, particularly in the 20-44 age group. In fact, women will account for almost three-fifths of the growth in Oregon's labor force between 1980 and 1985.

Industry Employment Trends

Construction Uncertainty hangs over this sector of Oregon's economy as never before. Nationally, tight monetary policies and basic changes in the ground rules governing financial institutions have priced most wage earners out of the housing market. The success of the Fed's fight to control inflation and the willingness of consumers to accept new variable rate mortgages will determine the future demand for employment in residential construction.

cont. on pg. 6

RESIDENT OREGON LABOR FORCE

	Aug. 1981 1/	July 1981 2/	Change	% Change	Aug. 1980 5/
Civilian Labor Force 3/	1,327,400	1,333,600	-6,200	-0.5	1,276,500
Unemployment	121,000	117,300	+3,700	+3.2	102,500
Percent of Labor Force	9.1	8.8	xxx	xxx	8.0
Seasonally Adjusted Percent	10.0	9.2	xxx	xxx	9.0
Total Employment 4/	1,206,400	1,216,300	-9,900	-0.8	1,174,000

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Aug. 1981	July 1981	Aug. 1980	July 1981	Aug. 1980
TOTAL 1/	1,012,800 *	1,012,400 *	1,030,100 *	400	-17,300
Wage & Salary Employment Index (Seasonally Adjusted)	130.0	130.9	132.2	xxx	xxx
Total Manufacturing	213,100	211,300	218,800	1,800	- 5,700
Durable Goods	152,500 *	153,200 *	158,500 *	- 700	- 6,000
Lumber & Wood Products	66,900	68,000	70,000	-1,100	- 3,100
Logging & Sawmills	34,600	35,300	37,400	- 700	- 2,800
Veneer & Plywood	20,000	20,200	20,500	- 200	- 500
Millwork & Structural Wood	7,000	7,300	6,600	- 300	400
Mobile Homes	1,800	1,600	1,900	200	- 100
Other Wood Products	3,500	3,600	3,600	- 100	- 100
Furniture & Fixtures	2,500	2,500	2,500	0	0
Stone, Clay, Glass, & Concrete	4,500	4,400	4,700	100	- 200
Primary Metals	10,500	10,400	10,900	100	- 400
Blast Furnaces, Iron & Steel	6,000	6,000	6,300	0	- 300
Nonferrous Metals	4,500	4,400	4,600	100	- 100
Fabricated Metals	11,600 *	11,400 *	12,200	200	- 600
Fabricated Structural Metals	4,500	4,400	5,000	100	- 500
Other Fabricated Metals	7,100 *	7,000 *	7,200	100	- 100
Machinery	18,800	18,900	17,200 *	- 100	1,600
Electrical Equipment & Supplies	9,600	9,400	9,700	200	- 100
Transportation Equipment	7,900	7,900	9,500	0	- 1,600
Instruments & Related Products	17,900	18,000	19,600	- 100	- 1,700
Miscellaneous Manufacturing	2,300	2,300	2,200	0	100
Nondurable Goods	60,600	58,100	60,300	2,500	300
Food & Kindred Products	29,600	27,200	29,300	2,400	300
Canning & Preserving	19,200	17,000	19,100	2,200	100
Other Food Products	10,400	10,200	10,200	200	200
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	3,000	3,000	3,200	0	- 200
Paper & Allied Products	10,700	10,800	10,400	- 100	300
Printing & Publishing	9,800	9,700	9,900	100	- 100
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	800	700	700	100	100
Rubber & Plastic Products	2,400	2,400	2,300	0	100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Aug. 1981	July 1981	Aug. 1980	July 1981	Aug. 1980
(cont.)					
Total Nonmanufacturing	799,700 *	801,100	811,300 *	-1,400	-11,600
Mining & Quarrying	2,300	2,400	2,500	- 100	- 200
Construction	42,000	41,500	47,800	500	- 5,800
Transportation, Communications, & Utilities	59,700	59,900	59,700	- 200	0
Transportation	34,600	34,800	34,300	- 200	300
Railroad	7,300	7,400	7,300	- 100	0
Trucking & Warehousing	17,400	17,500	17,100	- 100	300
Other Transportation	9,900	9,900	9,900	0	0
Communications	15,700	15,700	16,200	0	- 500
Utilities	9,400	9,400	9,200	0	200
Trade	254,000	253,800	256,600 *	200	- 2,600
Wholesale Trade	66,600	66,400	68,100 *	200	- 1,500
Durable Goods	40,200	40,400	42,100 *	- 200	- 1,900
Nondurable Goods	26,400	26,000	26,000	400	400
Retail Trade	187,400	187,400	188,500	0	- 1,100
General Merchandise	26,600	26,600	26,400	0	200
Food Stores	25,400	25,400	24,900	0	500
Auto Dealers & Service Stations	23,300	23,500	24,200	- 200	- 900
Other Retail Trade	112,100	111,900	113,000	200	- 900
Finance, Insurance, & Real Estate	68,200	68,700	70,300	- 500	- 2,100
Banking & Credit Agencies	24,700	25,000	24,700	- 300	0
Other Finance, Insurance, & Real Estate	43,500	43,700	45,600	- 200	- 2,100
Services	192,400 *	192,600	191,800	- 200	600
Hotels & Personal Services	24,900	24,800	25,100	100	- 200
Health Services	64,300 *	64,700	62,500	- 400	1,800
Other Services	103,200	103,100	104,200	100	- 1,000
Government	181,100	182,200	182,600 *	-1,100	- 1,500
Federal Government	29,800	30,000	30,900	- 200	- 1,100
State Government	50,700	51,200	52,900	- 500	- 2,200
Education	19,900	20,300	19,600	- 400	300
Other State	30,800	30,900	33,300	- 100	- 2,500
Local Government	100,600	101,000	98,800 *	- 400	1,800
Education	53,900	54,000	52,600	- 100	1,300
Other Local	46,700	47,000	46,200 *	- 300	500
Labor-Management Disputes	500	300	2,500	200	- 2,000

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

Lumber and Wood Products

Over one-fourth of Oregon's economy is dependent on its timber resource base. Declining supply of harvestable timber will be a serious problem throughout this decade and the next. Barring major increases in sales of public timber, employment in lumber and wood products is projected to decline 5% by 1987.

Primary Metals

Employment in this group is expected to grow more slowly than the average manufacturing industry through 1987. One bright spot should be the strong demand for titanium created by the aerospace industry.

Machinery

The manufacture of computers and calculators is included in this group and is one of the fastest growing industries in Oregon. Much of this growth has been the result of new firms moving into the state. Although this kind of growth is very difficult to predict, employment in the manufacture of computers is expected to more than double by 1987.

Transportation, Communications and Public Utilities

The trend toward deregulation signals the beginning of a new era in transportation. Airlines and trucking companies are already experiencing the stiff competition that results. Unprofitable routes have been dropped and smaller local carriers have often moved in to take up the service. Rising energy costs, particularly for airlines, will mean moderate growth through 1987 in this sector.

Trade

Many trade industries have experienced a boom period in recent years as more two-income families and changing lifestyles have fueled consumption. A prime example is the restaurant and beverage industry. Employment in this group has more than doubled since 1970. Strong growth is predicted for trade as a whole as more workers will be needed to serve Oregon's growing population.

Finance, Insurance and Real Estate

Historically, the banking and credit industry has grown with Oregon's population. In recent years, however, double-digit inflation has thrown a monkey wrench into the works. Losses from earlier long-term low rate loans have had to be absorbed while the tight federal monetary policy has sharply curbed the available supply of loan funds. This situation will improve in the long run, and employment growth should return to the historical trend.

Services

Services includes a wide range of industries which have shown steady growth overall for the past 20 years. Growth in many service sectors parallels population increase. Examples are laundries, beauty shops, and repair shops. Hotels and motels on the other hand, are dependent on tourist trade. In general, continued growth is expected through 1987.

Government

The employment outlook for most government agencies is for very little growth through the mid-1980s. Only those services directly tied to population needs such as health, corrections, and some segments of education will show continued growth.

These are just a few of the long-term trends discussed in the publication. To find out which occupations will be affected, please contact:

Oregon Employment Division
Research and Statistics
875 Union Street N.E.
Salem, OR 97311
ATTN: OES

AUGUST LABOR TURNOVER FIGURES PAINT A GRIM PICTURE

Any hope for a summer resurgence in hiring dissipated during August. A record low 3.1 accession rate completed a summer of unprecedented inertia. Even worse news than the hiring slump was the reappearance of layoffs in the Lumber & Wood Products sector.

Throughout this sector, layoffs soared to 4.9, compared to 2.0 in July and 1.2 from a year ago. Many of these layoffs were in the Plywood & Veneer industry, although Sawmills also contributed a large number of layoffs. This alarming trend was due partially to the hot weather which created extreme fire hazards and forced a curtailment of work. Undoubtedly high interest rates continued to depress the market, too.

All of these layoffs helped boost the overall separation rate to 4.3 for the Manufacturing sector, compared to the 3.7 rate of last August. Seasonal adjustment did reduce the current August rate to 3.8, which matched the seasonally adjusted rate for July. Although the 4.3 unadjusted rate was not excessive for this time of the year, when compared to the lackluster accession showing, it was very bad news.

The previously mentioned 3.1 accession rate (3.0 after seasonal adjustment) paled when contrasted to the mediocre 4.5 rate of last August. Comparison with this July's rate, though, is not as unfavorable. The July rate of 3.3 (3.2 seasonally adjusted) was also a record setting low. Of course this means two very flat showings for the summer of 1981 in terms of new hiring.

Although hot weather may have been a detriment to the Lumber & Wood Products sector, it may have proved a minor boon to the Food & Kindred Products sector. Accessions roared past the 2.6 mark of July to 4.8. Separations slipped to 2.6, with a minimal 0.5 layoff rate. New hires helped boost the accession rate in this sector.

Quits showed a small increase from July for the Manufacturing sector. Most of this increase was seasonal, though, and worker confidence remained discouragingly low. Electrical Equipment & Supplies posted one of the stronger records during August. Poor showings were recorded in the Furniture & Fixtures, Paper & Allied Products, and Instruments & Related Products sectors.

Overall, though, the lackluster showing in the Lumber & Wood Products sector was enough to offset any gains made elsewhere in the Manufacturing sector. August represents a definite step backward.

SHORTER WORKWEEK IMPACTS WEEKLY EARNINGS

The manufacturing workweek in Oregon continues to shorten - down 0.2 hour from June and 0.5 hour from May. Overall, the workweek lost 1.3 hours over the year while hourly earnings lost 3.3 % compared to the annual increase in the CPI. The two factors combined to push Spendable Weekly Earnings down to $106.80. This level of real earnings was last seen in January 1975.

Durable Goods' 0.2 hour loss over the month was primarily a result of the hot weather and high interest rates. Logging & Sawmills (-1.1) and Millwork & Structural Wood (-1.9) had the largest drops from June, while Logging & Sawmills (-3.5) and Veneer & Plywood (-3.7) showed markedly depressed hours over the year. Durables excluding Lumber & Wood Products had a 0.2 hour increase from June.

Nondurable Goods gained 0.1 hour since June with support from Food & Kindred Products (+0.5), Paper & Allied Products (+1.8), and Printing & Publishing (+0.7). This was enough to offset major drops in Textile Mill Products (-2.3) and Apparel (-4.2).

Good weather gave a healthy boost to the Construction workweek (+1.8). Trade climbed overall by 0.5 hour.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ July 1981	3/ June 1981	July 1980	2/ July 1981	3/ June 1981	July 1980	2/ July 1981	3/ June 1981	July 1980
TOTAL MANUFACTURING 4/	$353.63	$358.15	$340.66	37.5	37.7	38.8	$9.43	$9.50	$8.78
SPENDABLE EARNINGS (1967 Dol.) 6/	106.80	109.23	112.91	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	362.12	367.84	352.52	37.8	38.0	39.3	9.58	9.68	8.97
Lumber & Wood Products	365.42	381.11	378.02	36.8	37.4	39.5	9.93	10.19	9.57
Logging & Sawmills	404.78	410.72	405.00	37.0	38.1	40.5	10.94	10.78	10.00
Veneer & Plywood	377.10	372.50	380.55	36.4	36.2	40.1	10.36	10.29	9.49
Millwork & Struct Wood	292.38	302.30	246.62	35.7	37.6	33.6	8.19	8.04	7.34
Mobile Homes	264.19	275.26	263.93	34.9	35.2	34.5	7.57	7.82	7.65
Other Wood Products	375.17	357.77	317.41	39.7	37.7	36.4	9.45	9.49	8.72
Furniture & Fixtures	230.21	220.63	188.49	32.7	31.7	30.9	7.04	6.96	6.10
Primary Metals	465.60	455.66	398.86	40.0	39.9	38.5	11.64	11.42	10.36
Fabricated Metals	357.67	344.45	319.22	39.5	36.8	37.6	9.29	9.36	8.49
Machinery	370.74	372.86	335.53	38.3	38.4	37.7	9.68	9.71	8.90
Nondurable Goods	330.30	326.84	305.49	36.7	36.6	37.3	9.00	8.93	8.19
Food & Kindred Prod	282.56	283.37	264.60	35.1	34.6	36.0	8.05	8.19	7.35
Canning & Preserving	229.50	229.65	213.36	32.6	32.3	33.6	7.04	7.11	6.35
Other Food Products	394.94	369.21	350.00	40.3	38.3	40.0	9.80	9.64	8.75
Textile Mill Products	182.18	189.81	163.30	34.7	37.0	33.6	5.25	5.13	4.86
Apparel	155.43	175.15	158.39	30.9	35.1	33.7	5.03	4.99	4.70
Paper & Allied Products	508.03	474.03	454.92	43.2	41.4	42.2	11.76	11.45	10.78
Printing & Publishing	349.40	334.86	314.52	35.4	34.7	35.7	9.87	9.65	8.81
Construction 4/	552.96	522.23	481.57	36.0	34.2	36.1	15.36	15.27	13.34
Communications & Utilities 5/	390.65	406.40	356.21	39.7	40.0	39.8	9.84	10.16	8.95
Trade 5/	270.55	265.95	247.41	35.0	34.5	34.7	7.73	7.70	7.13
Wholesale Trade	355.42	349.86	311.17	38.3	37.7	37.4	9.28	9.28	8.32
Retail Trade	224.10	219.42	212.81	33.2	32.7	33.2	6.75	6.71	6.41
Banking & Insurance	223.80	220.78	202.25	NA	NA	NA	NA	NA	NA
State & Local Government	290.87	262.49	269.86	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

Hourly earnings tended downward in Durable Goods mostly reflecting lessened overtime. Primary Metals was the notable exception with average hourly earnings up by 22 cents. This was primarily effected by vacation pay and increased overtime at steel foundries.

Nondurable Goods' hourly earnings rose 7 cents with all sectors except Food & Kindred Products registering gains. Earnings in Canning & Preserving dropped as seasonal workers began processing the harvest. Other Food, however, gained 16 cents in hourly earnings along with 2.0 hours in the workweek as poultry production and specialty food processing picked up. This garnered Other Food a $25.73 increase in average weekly earnings. Increases in overtime at Pulp & Paper Mills boosted hourly earnings (+31 cents) and weekly hours (+1.8) in Paper & Allied Products. This sector also had a sizeable increase in average weekly earnings (+34.00). Printing & Publishing was also affected by a jump in overtime as hourly earnings increased by 22 cents.

The only major change in Nonmanufacturing occurred in Communications & Utilities. One of the larger utilities had a sizeable decrease in overtime effecting a 32 cent decrease in average hourly earnings. A seasonal decrease in the number of lower-paid workers in education caused the increase from month-ago figures to be higher than the increase from year-ago figures in Government.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		Oregon remained the number one lumber-producing state in 1980, despite a nearly 21% decline from its 1979 production level. In general, softwood lumber production in the West remained at the lowest level in recent history. Following Oregon's lead was California, Washington, Idaho, and Montana, respectively. California continued to be the biggest market for Oregon lumber with 34% of the total production being sent to the neighboring state.
Statewide		Oregon farmers will harvest a record 80 million bushels of wheat this year according to the Oregon Crop and Livestock reporting service. High yields in the Eastern Oregon dryland areas are expected to offset the poor Willamette Valley wheat crop. Overall, 75% of Oregon's wheat is grown in the dryland area of Eastern Oregon. Other yield estimates put plum and prune production down 15% from the record 1980 crop and apple production equaling last year's record yield. Bartlett pears are expected to be 13% above the 1980 crop. Although there has been a 12% decline in contracted green bean production, the average yield per acre in Oregon has increased to an estimated 5.3 tons; the U.S. average should be approximately 3.04 tons per acre this year.
Detroit	Marion	A 10,000-foot hole will be drilled near Detroit in search of geothermal energy. Sun Oil Company will use the largest drilling machine in the world to drill a hole 36 inches in diameter at the top, narrowing to 18 inches. The $3 million project has goals of discovering steam or hot water that can be converted into electricity by way of a generator. If the first exploratory hole is successful, five more will be drilled. Prior to this venture, Sun Oil Company drilled several 500-foot holes in the area to test temperature gradients. Power from the facility will be sold to distribution companies.
Eugene	Lane	Construction of the new performing arts complex in Eugene is ahead of schedule. The complex consists of a Performing Arts Center, a Conference Center, and a Hilton Hotel. The performing arts facility will have a 2,450-seat hall and a smaller 500-seat theater as well as an adjacent 515-car parking structure. The City of Eugene conference center will have two main halls, a Playwrights Hall, and a Composers Hall. The 43,000 square foot center, which also has a 310-car underground parking garage, is scheduled to open in March 1982. The 12-story, 180,000 square foot Hilton with 278 guest rooms is scheduled for a January 1982 opening.
Portland	Multnomah	The Port of Portland has taken a lead in what has been called the great West Coast coal rush. The Port has approved construction of a $60 million, 10 million ton per year coal export terminal to be built by Pacific Coal Corporation, a subsidiary of American Guaranty Financial Corporation. The trans-shipment facility will be located on a 100-acre site in Portland's Rivergate Industrial District where both Union Pacific and Burlington Northern railroad services are available and where the river channel is 40 feet deep. The coal to be exported from the terminal is expected to be the higher quality and higher value coal from Utah or Colorado which is in greater demand in the Pacific Rim nations, the probable destination for most of the export activity. The only currently existing West Coast coal export terminal is located in Long Beach, California. Completion of Portland's facility is being set for a preliminary 1984 date.